

“Coopetition”

A Regional Approach Is Driving Big Business to North Texas

Convergence, Connectivity, Creativity

The AllianceTexas® Story

Airports and Regions: The Economic Connection

The Economic Impact of Dallas/Fort Worth International Airport Provides a Model Case Study for the Significant Contributions of the Airport to the North Texas Region

A Fort Worth Renaissance

How the Trinity River Vision Project Is Shaping the Future of Fort Worth

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LETTER FROM THE MAYOR

welcome to fort worth

Betsy Price
Mayor
Fort Worth, Texas

Howdy!

Welcome to Fort Worth, Texas – the 17th largest and best city in the nation. We're proud to play host to the 2014 International Economic Development Council Annual Conference.

With DFW International Airport, the “City of Cowboys and Culture” is the proud cultural gateway to the American West. Historically an oil and agriculture center, Fort Worth has diversified and taken a leading role in several business sectors, including aviation, energy, aerospace, logistics and general manufacturing – all while maintaining our small-town character.

Our growth and diversification is a big reason why Fort Worth has become a global community focused on international trade and business development.

Our city's pro-business attitude and willingness to take a responsible, yet aggressive, stance on tax incentives keeps Fort Worth competitive. We have a lot of tools in our toolbox, and we are ready and willing to explore infrastructure and maintenance partnerships with our business partners. Most of all, Fort Worth takes the time to listen to the needs and goals of potential employers to find innovative solutions to help businesses grow and not just survive – but thrive!

While you're here, we hope you enjoy a strong dose of southern hospitality and take advantage of all the great amenities Fort Worth has to offer. Our city is home to one of the most celebrated downtowns in the nation – complete with dozens of options for shopping, entertainment and dining; world-class museums; a nationally recognized zoo; beautiful parks and gardens; and of course, the legendary Fort Worth Stockyards on the Northside.

We're glad you're here, and we hope to see you back here in Cowtown for many more visits in the years to come.

Sincerely,

Betsy Price
Mayor
Fort Worth, Texas

The IEDC Economic Development Journal

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“coopetition”

By David Berzina, CEcD, FM and Mike Rosa



Dallas/Fort Worth International Airport

Coming together is a beginning. Staying together is progress. Working together is success.

—Henry Ford

Collaboration is often seen as an idyllic phrase, particularly in the economic development world where competition is the name of the game. It is rare to find collaboration as part of an everyday operating plan when it comes to landing new business and expanding business in a specific community. Geography, local politics, and a fierce commitment to reduce the burden on taxpayers by bringing in new jobs, sales tax revenues, and capital investment can present a real challenge for regional initiatives.

Fortunately, for the Dallas-Fort Worth Metroplex, an underlying, long-term commitment to regional collaboration is yielding tremendous results for the Dallas-Fort Worth Metroplex: Competition is giving way to cooperation. As a result, big business is coming to North Texas

thanks to a coordinated and collaborative approach to marketing the region, which has led to broader prosperity for the North Texas region.

JUMPSTARTING REGIONAL COOPERATION

You can trace the seeds of regionalism back to DFW International Airport, which recently marked its 40th anniversary. If there was any single event that jump-started regional cooperation, that was it: It got everyone thinking that we had something going for us as a region, and that the whole is much greater than the sum of its parts.

The DFW International Airport is an invaluable sales tool, with more than 58 million passengers flowing through its terminals, taking advantage of more than 150 domestic destinations and 56 non-stop inter-

Fortunately, for the Dallas-Fort Worth Metroplex, an underlying, long-term commitment to regional collaboration is yielding tremendous results for the Dallas-Fort Worth Metroplex: Competition is giving way to cooperation. As a result, big business is coming to North Texas thanks to a coordinated and collaborative approach to marketing the region, which has led to broader prosperity for the North Texas region.

A REGIONAL APPROACH IS DRIVING BIG BUSINESS TO NORTH TEXAS

In an age of fierce competition for new corporate relocations and expansions, the Dallas-Fort Worth region has successfully adopted a collaborative approach that proves the whole is larger than the sum of the parts. Working together on marketing initiatives to promote regional assets is paying off: The region consistently ranks at or near the top of the list nationally in economic development “wins,” population growth, and job growth.

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Together, two chambers represent the largest regional economic powerhouse in the state of Texas.



Dallas, Texas Skyline

national flights to places like Australia, China, and the Middle East. It is at the top of the list of reasons why big businesses select North Texas as their base of operations. Business executives can get out and back to regional offices in a day, and any company based in the Metroplex can reach the rest of the world in a matter of hours. In turn, these companies can actually quantify the savings in time and money, which are huge deciding factors for companies.

This major international aviation hub, a collaboration between the east (Dallas) and west (Fort Worth) sides of the Metroplex, has spurred unprecedented growth. The North Texas region is now the fourth-largest Metropolitan Statistical Area (MSA) in the United States, boasting a population of 6.7 million people in a 9,500-square-mile area, and a growth rate of nearly 23 percent over the last decade. It is estimated that the population will exceed nine million by 2030.

A NEW WORLD OF OPPORTUNITY

Beyond Dallas and Fort Worth, there are a dozen municipalities in the Metroplex with populations in excess of 100,000 people. More people mean more critical mass for expanding and relocating companies. No other area in the country has this population base with as many major economic development agencies working in partnership with one another.

Working together to land big business was a strong initial step towards regionalism. In early 2000, the Boeing Company announced plans to establish a new global headquarters outside of its primary base of operations in Seattle, WA. The North Texas region was a solid contender and finalist due in large part to DFW International Airport and Fort Worth-based American Airlines, but lost out to Chicago in 2001. Even though we didn't win this bid, the process of two major cities and two major Chambers of Commerce working together opened everyone's eyes to a whole new world of opportunity.

DFW MARKETING TEAM

The first big step toward regional marketing was the formation of the DFW Marketing Team, which began meeting in 2003. More than 60 communities, along with the Dallas Regional Chamber, the Fort Worth Chamber, and TXU Energy came together to establish and begin to market a singular brand. The volunteer organization, which is chaired by different municipalities on a rotating basis, now represents 90 cities and towns. The group meets quarterly but, more important, participates jointly in national and international trade shows and fielding and hosting international delegations to expand business opportunities between domestic and foreign companies. By pooling our resources for travel and developing targeted marketing materials, we are that much more effective.

This approach has worked well for both cities and the region as a whole. The competition is fierce – everyone is trying to land the next big business. We're competing with cities and states across the country and even within our own state.

But the numbers don't lie: Both the Fort Worth and Dallas Chambers repeatedly make the annual top 20 economic development agencies list, which is based on the total value of economic development deals in each market. The region is unapologetic for its success: North Texas has one-quarter of the state's population but produces one-third of the Texas Gross Domestic Product (GDP) or approximately \$400 billion annually.

The group meets quarterly but, more important, participates jointly in national and international trade shows and fielding and hosting international delegations to expand business opportunities between domestic and foreign companies. By pooling our resources for travel and developing targeted marketing materials, we are that much more effective.

TRUST AND TRANSPARENCY ARE PARAMOUNT

In theory, there are no barriers to working together. But, at the end of the day, it always comes down to fighting for more jobs and increased tax revenues. Human nature can certainly get in the way of economic development cooperation, because cities can see issues differently. Trust becomes a paramount issue – and one of the greatest indicators of success in regional cooperation.

Case in point: The cities of Dallas, Fort Worth, Arlington, and Irving pursued a “handshake agreement” that is essentially a “no raid” policy. The participating cities agreed not to incentivize a company to move from one city to the next, unless, and only if, the community where the company existed could no longer meet its

A healthy respect between and among North Texas communities – and the understanding of their differences and similarities – helps foster the collaborative and cooperative spirit.

requirements or needs. Additionally, the groups agreed that if their city or organization was contacted by a company considering relocation to another participating city, the economic development agency would contact its peers and give them a chance to retain the company.

Transparency and trust are paramount, and the united front also has another benefit: Businesses are more willing to invest in a region whose communities work in collaboration and recognize each of their unique assets.

This was a groundbreaking step on the part of the cities and Chambers and is one that the region hopes will be replicated elsewhere. At the end of the day, we believe that there is no net benefit to one community losing a long-time business to another nearby community.

A healthy respect between and among North Texas communities – and the understanding of their differences and similarities – helps foster the collaborative and cooperative spirit. We recognize each other's strengths: Dallas is frequently the focus of discussions related to general downtown office space. The city's ability to recruit a company needing 500,000 square feet in a short timeframe is unmatched. However, when the search is under 500,000 square feet, Fort Worth is a viable option in addition to Dallas.

Conversely, Fort Worth still has vast land available for development, with much of the growth centered in north Fort Worth around AllianceTexas, an 18,000-acre master-planned community that is the world's most pre-eminent multi-modal global logistics hub. With room to build and grow, Fort Worth is quickly becoming the “go-to” community for manufacturing and distributing, and businesses related to the oil and gas industry. Internationally recognized companies such as Amazon.com and Walmart have located major distribution facilities in the region, and the region's manufacturing base

has expanded well beyond Lockheed Martin and Bell Helicopter to now include locomotive manufacturer GE Transportation.

MARKETING THE REGION AS A WHOLE IS MORE PRODUCTIVE

Both sides of the Metroplex have their individual strengths, but marketing the region as a whole is significantly more productive. The assets in North Texas are incredibly spread out, which means the message can get diluted. We try to synthesize the best that the region has to offer and present that to companies considering a move to Texas. We tell prospects considering the region to close their eyes and throw a dart at a map of North Texas, because no matter where it lands, they'll find something there they will like – Class A office buildings, speculative development, corporate campuses, urban living, expansive parks and trails, centers for innovation, higher education opportunities, and cultural offerings.



Fort Worth, Texas Skyline

The regional sales pitch often starts with a review of the Fortune 500 companies that have located in North Texas, including AMR/American Airlines, ExxonMobil, Fluor Corporation, AT&T, RadioShack, Texas Instruments, and Kimberly-Clark. If companies of that caliber are coming here because of the business and regulatory environments, the labor pool, the high quality of life, and our overall infrastructure, that sends a strong statement – the Good Housekeeping Seal of Approval, if you will – to other businesses. Ultimately, success breeds success.

And while the DFW International Airport is another marketable asset, the airport is just the tip of the iceberg for North Texas, which has one of the most sophisticated and global supply chains, thanks to a complementary and expansive network of roads and rail. This means goods, services, and people can connect anywhere in

the country in a matter of hours. There's a reason that FedEx, Amazon.com, Walmart, and other major logistics-based companies have located here. You've heard of 'location, location, location' – for these companies, it's all about access, access, access.

The regional collaboration works hard to market the human capital available throughout the region as well. There are more than 350,000 students enrolled in post-secondary education, providing an extraordinary pipeline of skilled and highly educated workers. More than 35,000 students are graduating annually; they represent the future workforce and leadership for global brands that call North Texas home.

With new companies moving into the region and needing to fill hundreds or thousands of positions, a thriving and growing labor pool gives them peace of mind that we have the talent they will need. At the end of the day, employers want to locate where the talent is, and in a place where the best talent wants to live.

ADVANCING LEGISLATION

Regionalism has led to a unified approach to other major issues in the North Texas area including water and transportation. Fort Worth is one of the fastest-growing major metropolitan areas in the country, and the region is adding jobs – and people – faster than in any other part of the country. More people translate to a greater demand on infrastructure and natural resources, so the region works together to advance necessary legislation to provide the financial resources to equip the region for the growth that is yet to come.

Water is an ever-present issue in the face of continuing droughts and increasing population and usage. It is clear that the failure to meet water needs in the future would be devastating in terms of the North Texas region's growth and economic well-being. As part of the 2007 Texas Water Plan, the Texas Water Development Board looked at economic impacts of inadequate water

resources, estimating that if the region could not meet the needs of its communities, the region would lose more than one million residents, almost 745,000 jobs, and \$62.6 billion in income by 2060.

Such dire predictions led to action: Following the 2013 Texas Legislative Session, regional Chambers joined forces to promote a constitutional amendment that would provide \$2 billion in funding for development of long-term water resources. Without water, there will be no economic development; the two go hand in hand. Joint press conferences involving state elected officials and business leaders from throughout the region underscored the dire need to help ensure the future of the region's water supply, and voters responded with the amendment passing by a large majority.

Similarly, the Chambers came together around another economic development issue: ensuring tax relief for aviation- and aerospace-related businesses that were looking outside the state to warehouse inventories due to burdensome tax legislation. The proposed constitutional amendment, with the endorsement of elected officials and business leaders, also passed in the November 2013 elections. Retaining these businesses – and their inventories – will have long-term impacts for the region and the state.

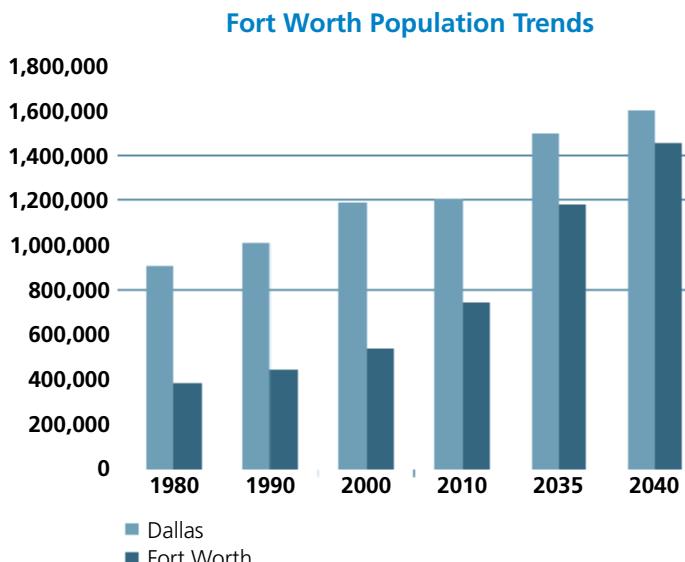
Later this year, voters will once again take to the polls, this time considering a constitutional amendment that will generate approximately \$1 billion in annual funding for much-needed transportation projects around the state, from interstate highways and state highways to major, local arterials. The Fort Worth Chamber and Dallas Regional Chamber, along with many of their partners, have played critical roles in driving this legislation.

The region has found a blueprint for success: For issues like water or transportation funding, there is no other way to act than on a regional basis. A well-developed infrastructure is absolutely essential; without it, economic development stagnates.

A TRACK RECORD OF GROWTH

On the receiving end, regionalism makes all the sense in the world. Instead of having to query multiple cities for basic information, prospects can go to one or two sources and get an overview of the region as a whole. More than 100 cities in North Texas have economic development offices, so we could easily be fragmented in our efforts. Having two "go-to" organizations for site selection consultants and relocation experts to count on is a competitive advantage for our region.

Interest in the region continues at a fast pace: Between the two Chambers, there are typically 150 to 200 annual inquiries leading to 50 to 75 site visitations, with 20 to 30 of these coming to fruition. Both of our Chambers are seeing significant increases in interest in the region. We are at the heart of it all; this is the place to be – for international businesses, for start-ups, for manufacturers, for life-science companies.



A strong track record of growth continues to benefit North Texas and elevate our awareness among global industry leaders and small businesses alike. Success begets success: The more companies, employees, students, and families we attract to the region, the more marketable – and recognized – we become.

Dallas, Fort Worth and the region as a whole enjoy national and international recognition for any number of business and quality of life metrics. Texas leads the nation in the creation of jobs at all pay levels; Texas has experienced stronger growth than the rest of the U.S. in all four wage quartiles from 2000 to 2013, according to the Federal Reserve Bank of Dallas. According to the U.S. Census Bureau, the Dallas-Fort Worth-Arlington metropolitan area ranks third on the national list of largest population increases between July 1, 2012 and July 1, 2013.

Such success does not come without substantial investments and strong partnerships. At the end of the day, avoiding the rivalry that pits communities against each other can make it easier for each city, and the region, to promote economic vitality and sustainability. Instead of competing against each other, the cities are now competing against the world.

Numerous other accolades set the North Texas region apart:

- *Area Development Magazine* has recognized DFW as “A Recession Busting Metro Area”
- DFW ranks in the top 10 of “Best Cities for Jobs in the Finance Industries” (*Forbes*)
- ZipRealty has designated the region as the most affordable major metro area to live in the U.S.
- The region is the second most popular moving destination according to Penske Truck Rental
- Texas has dominated the list of *Forbes*’ “Best Cities for Good Jobs,” with Dallas leading the way in the number one position
- The School for the Talented and Gifted in Dallas has been named the best high school in the nation by *U.S. News and World Report*
- Downtown Fort Worth ranks first on the list of “Top 10 Best Downtowns” according to Livability.com
- Fort Worth has ranked third on *Forbes*’ list of “Best Cities for Job Seekers”

Such success does not come without substantial investments and strong partnerships. At the end of the day, avoiding the rivalry that pits communities against each other can make it easier for each city, and the region, to promote economic vitality and sustainability. Instead of competing against each other, the cities are now competing against the world.

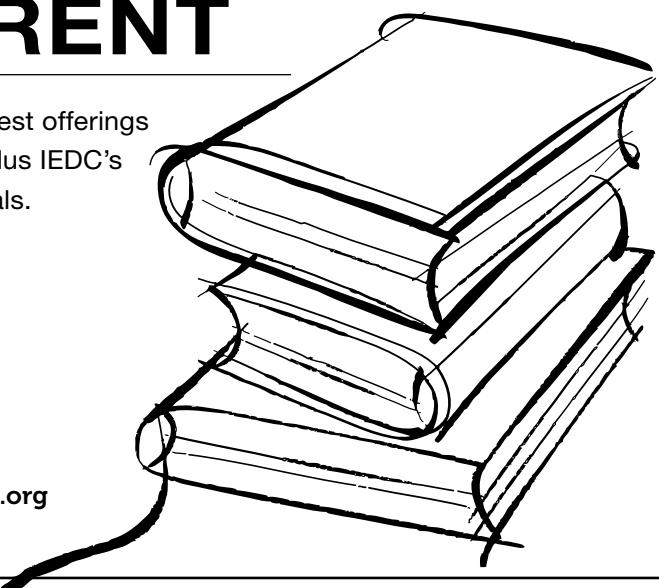
Ultimately, the cities of North Texas had a choice: try to grow on their own, or come together to foster an economic development juggernaut. While cities still have their differences and individually try to be the place that new or expanding businesses ultimately choose, we have learned that standing together we stand taller, to the benefit of everyone. ☺

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Economic development is serious business in the Metroplex. That's why their business leaders continue to work with **Resource Development Group**.

Led by the **Dallas Regional Chamber** and the **Fort Worth Chamber of Commerce**, North Texas has been top 10 in virtually every economic indicator for over a decade.

In 2011 the **Dallas Regional Chamber** launched *Blueprint for Prosperity, Our Next Step Forward*, its most aggressive growth strategy in history. In 2013, the **Fort Worth Chamber of Commerce** launched its own equally impressive initiative with the newly named FORWARD Fort Worth.

When it came time to make sure these strategies were properly funded, both chose **Resource Development Group**; Dallas for the 2nd time and Fort Worth for the 6th! That's why we like to call Dallas/Fort Worth our second home!

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convergence, connectivity, CREATIVITY

By J. Vann Cunningham

In choosing the theme "Steering Toward the Future: Convergence, Connectivity, and Creativity" for the 2014 Annual Conference of the International Economic Development Council, the Fort Worth organizers could well have had AllianceTexas® in mind. Over the past quarter century, AllianceTexas® has emerged as an extraordinary 18,000-acre master planned, mixed-use community located in North Fort Worth. With more than \$8 billion of public and private capital investment to date, examining the history of AllianceTexas® offers a unique opportunity to illustrate the powerful combined effects of the forces of convergence, connectivity, and creativity on economic development.

A CREATIVE VISIONARY

The successful development of AllianceTexas® is strongly rooted in the creative vision of H. Ross Perot, Jr. With the collapse of the oil boom in the early 1980s, the North Texas economy plummeted and real estate markets were reeling. Land prices throughout the region dropped dramatically, and new real estate development ground to a halt. In the decade leading up to the collapse, suburban development accelerated rapidly in rural areas surrounding Dallas. The increase in suburbanization was particularly evident in the largely rural Mid-Cities area between Fort Worth and Dallas stimulated in part by the opening of the Dallas/Fort Worth International Airport in 1974.

Perot recognized the significance of these growth trends and drawing upon the successful example of his father, H. Ross Perot, Sr., in developing Legacy, a



Ross Perot Jr. (right) persuades his father, Ross Perot Sr. (left), to invest in rural north Fort Worth.

planned community north of Dallas in the late 1970s, determined that large tracts of land north of Fort Worth lying vacant and underutilized were greatly undervalued and represented a significant real estate development opportunity. Approaching his father, they formed an initial partnership to acquire land. Taking advantage of the low prices in the distressed real estate market, Perot immediately began to acquire land north of Fort Worth, assembling tracts into developable units which would become the future building blocks of the 18,000-acre AllianceTexas®.

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THE ALLIANCETEXAS® STORY

Growing out of H. Ross Perot, Jr.'s vision, the 18,000-acre AllianceTexas® project ranks among the most successful large scale developments in modern history. Anchored by the Alliance Global Logistics Hub, it offers unsurpassed inland port transportation connecting Alliance to the globe via one of the nation's largest intermodal facilities, Class I rail, the world's first industrial airport, and state and interstate highways. After three decades of development, AllianceTexas® is home to more than 365 national companies employing 37,000 people in over 40 million square-feet of office, commercial, industrial, aviation, and distribution space. It is recognized as one of the nation's most successful public-private partnerships. AllianceTexas® generated more than \$43 billion in economic impact and dramatically transformed north Fort Worth and the region.

It should be noted that, as is often the case with entrepreneurial endeavors, few in the Dallas-Fort Worth real estate development community in the early days shared Perot's vision for the scrub ranch lands dotted with mesquite and the occasional longhorn cow on the prairies north of Fort Worth. One longtime real estate developer stated that most members of the real estate development community thought Perot had lost his mind. To these experienced developers, pursuing a major greenfield development in the rural countryside over 40 miles from the center of the Dallas market seemed risky at best. It is difficult to fault these skeptics. After all, the field of dreams is littered with far more examples of the failure of the "build it and they will come" strategy than it is of successes. But, over the ensuing three decades, H. Ross Perot, Jr. would prove the skeptics wrong.

MAKING CONNECTIONS

The concept of connectivity as an organizing principle has broad implications for economic development. Establishing connectivity or creating links among critical elements of the development process and building relationships at many levels and in multiple dimensions is fundamental to successful economic development efforts. Perot's understanding of the importance of the principle of connectivity is clearly demonstrated in his choice of a name for the project, Alliance. In choosing to include the word "alliance" in the name, connectivity was established as a fundamental core concept for the development of the project.

Perot understood that realizing his vision would require the establishment of alliances with key players in the community creating new connections or bonds between his efforts and government. The political and institutional alliances forged in this period played a key role in establishing a highly successful long-term public-private partnership in support of the development of AllianceTexas®. Of the early alliances, the most noteworthy perhaps is the partnership with the city of Fort Worth or more specifically the close working relationship with Mayor Bob Bolen.

The role of connectivity in the future success of AllianceTexas® was not simply limited to the matter of establishing political relationships alone. Physical connectivity to the area was highly constrained, presenting a substantial potential fatal flaw in the development of the project. Perot's proposed mixed-use development was located in a relatively remote rural area with no public services. Highway transportation connections to the Metroplex were largely limited. Clearly, without substantial investment in infrastructure, the risk of failure of the AllianceTexas® development was quite high.

In Mayor Bob Bolen, Perot found a sympathetic ear. Although a staunch conservative, the Fort Worth leader was a highly vocal advocate for economic development who strongly believed in using public investment to attract private capital investment and stimulate economic growth. The mayor saw the potential in Perot's vision for the development. The resulting alliance between Mayor Bolen and H. Ross Perot, Jr. would prove highly effective in leveraging large amounts of public capital investment for the needed infrastructure.

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H. Ross Perot, Jr. worked hand in hand with Mayor Bob Bolen (above) of Fort Worth in the early years of the project. The alliance with the mayor would prove critically important in gaining public sector support and financing for development of the AllianceTexas® project.

as determining the outcome of economic development projects. The role of convergence was particularly evident in the success of H. Ross Perot, Jr.'s vision for AllianceTexas®. Many factors came together to support the eventual success of Alliance. For example, readily available cheap land, a rapidly growing population base, suburbanization and demand for housing, were easily visible in the 1980s. Others such as the impacts of information technology and offshoring of manufacturing would not become fully apparent for many years.

Real Estate Market

Perot and Hillwood Properties (organized by Perot to develop and market Alliance) took full advantage of the depressed real estate market following the oil boom collapse. By 1986, more than 8,000 acres had been assembled. Planning was well underway for the first phase of the mixed-use development, The Villages at Park Glen residential project.

The forces driving land acquisition opportunities, however, were not limited to localized conditions. National forces were at play as well. Following close on the heels of the drop in the real estate market caused by the

oil boom collapse, Savings & Loan (S&Ls) institutions throughout the country began to show signs of extreme distress. From 1974 to 1981, the nation was mired in stagflation, a slow economy combined with rampant inflation and high unemployment. Despite these conditions, real estate investment grew substantially.

Investors felt real estate was one of the few areas in the economy where they had some promise of beating inflation. They borrowed heavily to fund real estate investment and S&Ls experienced record asset growth and profitability. As demand increased, S&Ls engaged in increasingly risky real estate lending practices and, by the late 1970s, rapidly rising interest rates were threatening the viability of the S&L industry. Despite Congressional action, the situation worsened, and by 1986, S&Ls that had lent far more money than was prudent began to fail. In response, the Federal Savings and Loan Insurance Corporation (FSLIC) moved to close or restructure some 296 troubled institutions. The crisis continued unabated, however, and in 1989, the Resolution Trust Corporation (RTC) was created to oversee asset disposition of an additional 747 S&L institutions.

As the RTC liquidated foreclosed properties at fire sale prices, Perot saw even greater opportunities for expanding his land holdings. In a Forbes magazine interview in 2013, he noted that in one RTC sale in 1990 he acquired 20 parcels of land at ten cents on the dollar based on the RTC's appraised value.

Another excellent opportunity to acquire a major block of land occurred in 1993 when oilman Nelson Bunker Hunt entered bankruptcy after failing in his attempt to corner the silver market. Hunt had acquired the 4,000-acre Circle T Ranch located very near the future AllianceTexas® project in 1970. Perot seized on the opportunity in the bankruptcy to acquire 2,000 acres of Circle T Ranch lands for a bargain price of less than \$20 million and picked up an additional 500 acres from the Hunt family trust in a separate transaction for a reported \$10 million. Ultimately, the combined effects on the North Texas real estate markets of the oil boom



Future site of AllianceTexas® looking west. The effects of the oil boom collapse on the North Texas real estate, the S&L debacle, and the fall of the Hunt empire permitted Perot to assemble a remarkable 18,000 acres of rural ranchland in north Fort Worth.

collapse, the S&L debacle, and the fall of the Hunt empire would permit Perot and Hillwood Properties to assemble a remarkable total of 18,000 acres for the development of AllianceTexas® at costs that would yield a substantial competitive advantage in the region's residential, commercial, and industrial real estate markets for decades to come.

Demographic and Economic Change

Over the 25-year period, the convergence of changes in demographic trends and in the nation's economic structure had a profound effect on the region and AllianceTexas® in particular. From 1980 to 2013, the Dallas-Fort Worth Metroplex experienced dramatic population growth, adding 3.44 million people to make it the fourth most populous area in the United States with a total population of more than 7 million people. The Metroplex's rapid population growth stimulated an explosive expansion in suburbanization and generated ever increasing demand for goods and services.

While the Metroplex was experiencing unparalleled growth, the national economy was undergoing numerous structural changes. Many companies outsourced non-core business activities. The U.S. shifted from a production to a consumption economy as manufacturing operations increasingly moved offshore or to neighboring Mexico.

With dependence on offshore suppliers deepening, the integration of the U.S. into the emerging global economy accelerated. This rapid globalization of the U.S. economy was enabled in large part by advances in information technology, communications, and freight transportation combined with the adoption of free trade policies eliminating many previously existing barriers to international trade. Over the three-decade



Circle T Ranch looking west with SR 170 on the right. Oilman Nelson Bunker Hunt's bankruptcy in 1993 after failing in his attempt to corner the silver market provided Perot with an opportunity to pick up the 4,000-acre Circle T Ranch located very near the future AllianceTexas® project.

U.S. Representative Jim Wright, Speaker of the House. The Speaker's support was instrumental in modifying the FAA act to permit funding of a new category of airport, the industrial airport. One of his last acts in Congress was obtaining the \$55 million grant for the proposed airport.



May 10, 1988
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Future runway site for Alliance Airport. Reacting to the need for a reliever airport for DFW International Airport, Perot and the Fort Worth leadership approach the FAA with the vision for the world's first "industrial airport," an airport solely dedicated to and specifically designed for air freight service and general aviation flights, with no provision for commercial passenger service.

period, these powerful national and international economic forces would converge with the ever increasing regional market demand driven by the dramatic growth of the Metroplex to create conditions highly favorable for the development of Alliance.

Transportation: Highway, Rail, and Air

When H. Ross Perot, Jr. envisioned the development of Alliance, he understood the importance of building strong connections to the regional and national highway and rail transportation system. The IH 35W provided a critical link to the interstate highway system and to regional and national markets. Access to two major Class I railroads with the Santa Fe Railway mainline on the project's western boundary and the Union Pacific located on the eastern side of Alliance would further enhance the development potential of his property for industrial uses. He also recognized the strategic advantage of proximity to the Dallas/Fort Worth International Airport located just 20 miles to the east of Alliance and the importance of improving the inadequate highway connections between them. It can be safely stated, however, that locating a major new airport in the middle of his project was nowhere in his vision.

Fort Worth Alliance Airport

While Perot was busy assembling land for his project in the early 1980s, the FAA was becoming concerned that growing demand for air transport in the region would soon outstrip the capacity of the D/FW International Airport. The FAA proposed four general aviation reliever airports to be located in the corners of the Metroplex. By 1985, a search was underway in Tarrant and Denton Counties for a suitable site for the proposed northwest corner facility. Several small north Tarrant County communities had expressed interest to the FAA, but none had the ability to assemble a site.

It was here that the relationship between Perot and Mayor Bolen and the Fort Worth city council came into play. Fort Worth officials and the FAA approached Perot with the need for a site for a reliever airport for Dallas/Fort Worth. In response, Perot began discussions with area business and political leaders. It was in these discussions that he began to develop the vision for the nation's first "industrial airport," an airport solely dedicated to and specifically designed for air freight service and general aviation flights, with no provision for commercial passenger service.



H. Ross Perot, Jr. points to the first runway skid mark at the nation's first "industrial airport," Fort Worth Alliance Airport. Opened on December 14, 1989 with a 9,600-foot runway, the \$250 million project was funded, designed, permitted, and constructed in a record 17 months.

As his vision evolved, the industrial airport would anchor a massive industrial park that would spur regional growth and attract corporate investment. The idea was not without opposition though. Dallas leaders opposed the project, and officials with the D/FW International Airport expressed strong concerns that competition from the new airport would damage their air cargo business and negatively impact the viability of D/FW's future expansion plans.

FAA and Fort Worth officials were fully on board with the industrial airport concept. Federal funding rules, however, dictated that a public entity must sponsor the airport. In a meeting with the FAA, Perot offered

to donate 800 acres valued at \$12.7 million to the city of Fort Worth if the city would annex the site. Mayor Bolen convinced the Council to annex Alliance and all the area in between. In turn with the city sponsorship in place, Perot sought a \$55 million FAA airport construction grant.

The mayor, Perot, and other local civic leaders approached then Speaker of the House Jim Wright for assistance in obtaining funding for the FAA grant. The Speaker readily agreed and, in fact, one of his final acts as a congressman was passage of special legislation creating a new airport classification for projects of this type thus ensuring FAA funding. The FAA grant was critical, and without the Speaker's support, it is doubtful the airport project would have succeeded.

Continuing his active championship of the project, Mayor Bolen persuaded the city council to approve \$75 million for offsite highway, road, and utility infrastructure improvements. The mayor and other city officials also made the trip to Austin to persuade Texas Department of Transportation (TXDOT) officials to approve funding for new interstate highway interchanges and frontage roads on IH 35W to provide direct access to the proposed airport site.

In 1986, with the site secured and the Hillwood, FAA, and city public-private partnership firmly in place, the design, permitting, and development of the project could proceed. Hillwood took the project lead and the FAA "fast tracked" project approvals. Construction of the airport began with a groundbreaking on July 9, 1988. No question the FAA and local support were important in moving the project forward, but it was the vision of H. Ross Perot, Jr. and his willingness to take financial risks in the absence of governmental approvals and funding that were the driving forces in bringing the project to reality. According to Hillwood sources, nearly \$5 million were expended on master planning and preliminary site preparation to expedite the project prior to obtaining project approvals and public funding.

Even before the airport was completed, Hillwood sold four large tracts of land to future industrial users. The largest of these early tenants was American Airlines which would build a \$481 million maintenance and engineering facility on a 207-acre tract at the airport. Ultimately, the Fort Worth Alliance Airport project was funded, designed, permitted, and constructed in a record 17 months at an estimated total cost of \$250 million. The nation's first "industrial airport" opened on

December 14, 1989 with a 9,600-foot runway located on the 416-acre site.

Interstate Highway 35W and State Highways 114 and 170

When H. Ross Perot, Jr. undertook the development of AllianceTexas®, the existing highway infrastructure in the area was extremely limited, consisting primarily of IH 35W north (the North Freeway) and SH 114. With the completion of the Fort Worth Alliance Airport and the opening of the first phase of the residential development, Alliance began to attract more activity and generate increased traffic volumes. It quickly became apparent the existing facilities were incapable of handling the growth.

The IH 35W freeway from Loop 820 to Denton, Texas, was constructed in the 1960s to rural interstate highway standards. When completed in 1970, the highway consisted of four main traffic lanes with long distances between interchanges and few if any frontage

roads. With the exception of frontage roads and interchanges added for the Fort Worth Alliance Airport, the interstate retained its original configuration throughout the 1980s and 90s and by the year 2000 was woefully obsolete.

No question the FAA and local support were important in moving the project forward, but it was the vision of H. Ross Perot, Jr. and his willingness to take financial risks in the absence of governmental approvals and funding that were the driving forces in bringing the project to reality.



Typical road in rural North Fort Worth in the early 1980s. Perot knew that without substantial public capital investment in utility and highway infrastructure Alliance was destined to fail. Forging an effective public-private partnership with the city of Fort Worth with the help of Mayor Bolen proved to be the key to gaining the needed support.

In 2003-2004, Perot and Hillwood once again provided leadership urging the formation of the 35 W Corridor Coalition to promote investment in toll lanes in the IH 35 W corridor. In 2006, TXDOT responded to Coalition efforts by issuing a request for proposals for a combined IH 35W, SH 183 and Loop 820 toll lane projects, the North Tarrant Express. Through its advocacy efforts, the Coalition was also successful in accelerating improvements to the IH 35W/Loop 820 interchange and in assisting in securing \$415 million in federal funding and an additional \$130 million



Interstate Highway 35W and Loop 820 interchange improvement under construction (2014). In 2003-2004, Perot's team once again provided leadership urging the formation of the 35 W Corridor Coalition to promote investment in toll lanes. Coalition efforts to the North Tarrant Express project including more than \$500 million for a combined, SH 183 and Loop 820 toll lane projects and improvements to IH 35W from 820 to SH 114.

in state funding, allowing for completion of the major planned capacity improvements from Loop 820 to SH 114 by 2017.

At the time Perot began acquiring land, State Highway (SH) 114 was the only direct connection from the Alliance area to the Dallas area. SH 114 interchanged with the IH 35W north of Fort Worth Alliance Airport and extended southeast skirting the northern perimeter of the D/FW International Airport, terminating at SH 183 about seven miles east of Dallas. Constructed piecemeal over 40 years, SH 114 was a hodgepodge of two-lane country road sections interspersed with occasional stretches of wider highway that were little more than frontage roads. Stop lights backed up traffic at every major crossing.

By the mid-1990s, traffic generated by the area's dramatic growth and D/FW International Airport was choking SH 114. In 1996, Hillwood and Denton County and Tarrant County leaders joined with area cities to seek relief. Travelling to Austin, they were successful in getting TxDOT to place SH 114 on the priority funding list. Since 1996, more than \$1.43 billion has been expended in improving the 30 miles of SH 114 from Alliance to Irving. New freeway lanes were added, bridges and intersections modernized, and frontage roads improved.

From the initial planning stages of his project, Perot recognized that a shorter, more direct connection between AllianceTexas® and D/FW International Airport was desirable. With approval of the Fort Worth Alliance Airport in 1986, the need for a new connector route became imperative. Perot turned once again to his old ally, Mayor Bolen, together they forged a coalition among the city of Fort Worth, IBM, the Hunt trust, and Hillwood to seek the support of the Texas Transportation Commission for the proposed transportation corridor.

In July 1987, Mayor Bolen led a trip to Austin to present the coalition's proposal to donate the 450 acres of land for the proposed SH 170 right of way and improvements to SH 114. The coalition also offered to contribute \$4 million toward costs of required engineering and environmental studies. The Commission accepted the offer, and, in March 1990, Perot handed over the deed for 430 acres of right of way clearing the way for TxDOT's appropriation of \$41 million for construction of SH 170 frontage roads. With the completion of the frontage roads in the spring of 1992, access between Alliance and the D/FW International Airport was substantially enhanced.

Santa Fe Rail, Import Autos, and Intermodalism

Perot envisioned his industrial airport as the seaport of the future. With a background deeply rooted in aviation, he believed that as the costs of shipping freight by air decreased, and more U.S. and foreign manufacturing companies competed worldwide, global purchasing of parts and distribution of finished products would become common. While acknowledging the value of highway and rail transportation, he clearly saw air freight transportation and manufacturing as the keys to the success of AllianceTexas®. Little did he know that forces were just beginning to converge that would render rail an important factor in the future success of AllianceTexas®.

Import Autos

In the late 1980s, Rob Krebs, chairman of the Santa Fe railroad, was intently focused on the auto transport market and the rise of Asian imports. Since the late 1970s, Japanese auto imports had been taking market share from the Big Three U.S. automakers. In 1988, Honda Motors announced it was actively looking in the Metroplex market, but Santa Fe did not have a local auto unloading ramp. Aware of the Alliance Airport under construction and the proposed massive industrial park, Krebs sent Santa Fe industrial development



Rob Krebs, Santa Fe Railway CEO, at the groundbreaking for the Alliance Auto Processing Center. Krebs saw the need in the Metroplex for new rail facilities to support growing automobile imports and the rise in international and domestic intermodal freight.

representatives to Dallas to meet with H. Ross Perot, Jr. to explore locating an import auto facility at Alliance. Perot liked the idea, and discussions quickly led to the purchase of 27 acres in May 1989 for Phase I of the import auto unloading facility.

The Alliance auto distribution center opened in December 1989 making Santa Fe the first major industrial tenant in the new AllianceTexas® industrial park. A year later, Santa Fe Railway won Ford's business and acquired an additional 25 acres. Krebs' insight proved correct. Import auto market share continued to grow, peaking at 23.3 percent of total sales in 2007 before declining in the midst of the Great Recession.

In 2012, the total import market share stood at 20.9 percent, and the Alliance Auto Distribution Center processed about 115,000 vehicles and is expected to double that number in 2016. Over the 25 years following the opening, Santa Fe and BNSF Railway, its successor, would process over 2.3 million vehicles at Alliance.

Rail's greatest impact on Alliance's

future though would rest on the rise of intermodal freight transport. Intermodal freight transport involves the movement of freight in an intermodal container or trailer, using multiple modes of transportation (rail, ship, and/or truck), without any handling of the freight itself when changing modes.

Intermodalism

Rail's greatest impact on Alliance's future though would rest on the rise of intermodal freight transport. Intermodal freight transport involves the movement of freight in an intermodal container or trailer, using multiple modes of transportation (rail, ship, and/or truck), without any handling of the freight itself when changing modes. In the 1980s, the U.S. rail industry began to see increased movement of intermodal freight in trailers on flatcars (TOFC) and containers on flatcars (COFC). Santa Fe's intermodal operations in the Metroplex in the late 1980s and early 1990s were limited to two small, inefficient and underutilized intermodal facilities located in the Dallas and Fort Worth areas. Neither facility was capable of supporting any significant growth.

Krebs saw the need for a larger, more modern intermodal freight facility where intermodal TOFC and COFC freight could be much more efficiently transloaded between rail and truck. The Santa Fe industrial development department initiated a site search, first considering a site near D/FW International Airport but then quickly turning to the Alliance area. In 1991, Santa Fe contacted Hillwood broaching the subject of locating an intermodal facility at Alliance. This initial contact led to a period of intense negotiations. A key sticking

point was the relocation of the Santa Fe mainline which bisected a large block of highly developable land and limited the potential expansion of the airport runway.

Over a period of months, a complex deal was hammered out involving the city of Fort Worth and FAA funding, a land swap with Hillwood, and an agreement to use Hillwood for construction of the facility. The deal finally closed in November 1992 and Santa Fe Railway acquired 575 acres at Alliance for the Consolidated Transportation Center (CTC), a 124-acre intermodal facility and 451-acre carload switching yard. Groundbreaking occurred the following February and, 14 months later in April 1994, the Alliance CTC facility opened at a cost of \$116 million.

The facility was designed to handle international and domestic containers and trailers with a planned for capacity of 120,000 units per year. Demand far exceeded expectations. In the first eight months of operation, Santa Fe handled over 200,000 units, prompting the acquisition in December 1995 of an additional 160 acres.

Rise of Global Logistics

The significance of Santa Fe's decision to locate its Metroplex intermodal facility was not readily apparent to the railroad or Hillwood in 1994. Over the next two decades, the forces of rising production offshoring and globalization would increase the importance of intermodalism in the U.S. economy. In the 1980s, companies seeking to reduce costs and improve corporate profitability began adopting production offshoring as a strategy for gaining a competitive advantage. As the practice of moving manufacturing operations from the U.S. to lower cost countries grew, the U.S. manufacturing base eroded, resulting in a fundamental shift in the U.S. economic structure from a production economy to a consumption driven economy.



BNSF Alliance Intermodal Hub. The intermodal hub at Alliance grew to become the fourth largest on the BNSF Railway system, handling over 600,000 trailers on flat cars and domestic and international containers in 2013.

The requirements of a production economy differed significantly from those of a consumption economy. Moving from producing to consuming shifted the focus from controlling production factor costs in manufacturing to integrating logistics and managing the supply chain in the distribution sector. In the distribution arena, transportation was the critical factor, accounting for more than 50 percent of total costs.

The need to control transportation costs strongly favored rail transportation. Rail, in general, and intermodal rail transportation, in particular, was inherently more efficient than highway transportation. With the advent of double-stacked container technology and the capability of moving 280 plus containers long distances in a single unit train, intermodal rail offered unmatched economies of scale to companies dependent on low-cost efficient distribution.

Convergence of meta-forces in the national and global economy would play an important role over the life of the project, shaping the evolution of AllianceTexas® and impacting the project's potential for success. Perot and his team had to learn to plan and adapt the creative vision for AllianceTexas® to the constantly changing circumstances in a highly dynamic local and national social, political, and economic environment.

As logistics increased in importance, companies realized the advantages of intermodal rail and demand increased substantially. By 2005, consumption generated some 70 percent of U.S. GNP, much of it dependent on imports manufactured in low cost offshore locations. While manufacturers moved to many offshore locations, China, after its admittance to the World Trade Organization in 2001, rapidly became the preeminent destination for production offshoring. Sourcing imported goods from China strongly favored the Ports of Los Angeles and Long Beach (LA/LB ports) in Southern California. The new intermodal facility and the BNSF rail network's direct transportation link to the LA/LB ports positioned AllianceTexas® to capture Asian import business and attract major distribution center facilities.

J.C. Penney was the first big box retailer to recognize the benefits of co-locating with BNSF at Alliance. In 1999, the company completed the nation's first 1.1 million square-foot high cube distribution center located immediately adjacent to the intermodal facility. The \$100 million distribution center was designed to handle all imported merchandise sold by the retailer nationwide and replaced five existing smaller facilities. Company representatives cited automation, supply chain management efficiencies, and improved inventory imported goods handling as factors giving the operation a competitive edge.



BNSF intermodal facility (foreground) and the J.C. Penney distribution center. In 1999, J.C. Penney was the first big box retailer to recognize the benefits of co-locating with BNSF at Alliance, locating the nation's first 1.1 million square-foot high cube distribution center immediately adjacent to the intermodal facility. The J.C. Penney facility would become a model for distribution centers throughout the country, and other companies soon followed, locating major distribution centers and light manufacturing operations at Alliance.

The J.C. Penney facility would become a model for distribution centers throughout the country, and other companies soon followed, locating major distribution centers and light manufacturing operations at Alliance. Demand for intermodal service grew dramatically. In the 20 years after it opened, intermodal units grew from 200,000 the first year to a record high of more than 600,000 in 2013. Through 2013, more than 9 million international and domestic containers and trailers had been transloaded, and it was the fourth largest facility on the BNSF network. The combined advantages of the intermodal rail connection to the LA/LB ports, the large inventory of developable industrial land strategically located in the country's fourth largest metropolitan market with 37 percent of the U.S. population within a two-day drive, and an industrial airport surrounded by a 9,800-acre foreign trade zone would enable AllianceTexas® to become the nation's largest and most successful inland port and logistics center.

CONCLUSION

Thirty years after H. Ross Perot, Jr. began forming his creative vision for a massive mixed-use development on the empty North Texas plains, the 18,000-acre AllianceTexas® project has developed into one of the most successful large scale master planned communities in modern American history. More than \$8 billion has been invested at a ratio of 17 private dollars for each one dollar of public funds.

Perot and his Hillwood Properties team have worked with more than 360 of the nation's leading employers to build almost 40 million square feet of office, commercial, industrial, aviation, distribution, and residential space. Through 2013, these businesses employed more than 37,000 people and generated property tax revenues for local governments and school districts of more than \$1.18 billion.

Surrounded by a 6,800-acre industrial and logistics park, the Fort Worth Alliance Airport is a major center of aviation activity and the nation's first industrial airport. AllianceTexas® is also home to the fourth largest intermodal facility on the BNSF system, handling more than 600,000 units per year with the capacity to grow to 2 million. Without doubt, AllianceTexas® is the largest and most successful inland port and logistics center in North America.

Convergence of meta-forces in the national and global economy would play an important role over the life of the project, shaping the evolution of AllianceTexas® and impacting the project's potential for success. Perot and his team had to learn to plan and adapt the creative vision for AllianceTexas® to the constantly changing circumstances in a highly dynamic local and national social, political, and economic environment.

Connectivity, as manifested in the name Alliance, was a key factor in the success of the project in both the sociopolitical realm and the physical world. Perot forged relationships with important business and political leaders. The alliance with Mayor Bob Bolen and the city of Fort Worth was fundamental to success. These synergistic partnerships were critical in negotiating complex infrastructure agreements with federal, state, and local governments. In the end, H. Ross Perot, Jr.'s creative vision and the Hillwood Properties team he assembled transformed a region into a vibrant, economic engine that supports best-in-class corporations as well as a high quality of life.

In closing, I want to quote H. Ross Perot, Sr.'s statement at the dedication of the Fort Worth Alliance Airport. When asked about his role in his son's Alliance project, the senior Perot answered,

"You want to know what my role in his project was? Well I'll tell you what my role was. I told him you're crazy, just crazy!" ☺

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airports and regions:

THE ECONOMIC CONNECTION

By Leslie Ensign



Southgate Plaza, the new landmark at the south entrance of Dallas/Fort Worth International Airport, is the first mixed-use development on the airport. Restaurant sites are part of this development anchored by a Hyatt Place hotel, the DFW Airport Headquarters, and the U.S. Post Office.

Airports can create distinct economic advantages for the regions they serve and greatly benefit businesses within those regions. In the Dallas-Fort Worth region, the fourth largest and fastest growing region in the United States, business and leisure travelers have the benefit of the global super hub in Dallas/Fort Worth International Airport (DFW). Some have said that DFW Airport, and its worldwide access, is largely the reason for the region's continued growth. For many years, DFW Airport has been con-

sidered the economic engine of the North Central Texas region, and a new study, *Economic, Fiscal, and Developmental Impacts of Dallas-Fort Worth International Airport*, completed in September 2013 by the Center for Economic Development and Research at the University of North Texas, has confirmed this position. The study shows that DFW generates an annual economic impact of \$31.6 billion.

"There's no question DFW is a major contributor to the Dallas/Fort Worth economy, not only because the airport hosts more than 1,900 flights a day, but because

Leslie Ensign is communications manager, Business Initiatives at Dallas/Fort Worth International Airport. (lensign@dfwairport.com)

THE ECONOMIC IMPACT OF DALLAS/FORT WORTH INTERNATIONAL AIRPORT PROVIDES A MODEL CASE STUDY FOR THE SIGNIFICANT CONTRIBUTIONS OF THE AIRPORT TO THE NORTH TEXAS REGION

The North Texas region is the fourth largest and fastest growing in the nation, thanks in a large part to Dallas/Fort Worth International Airport's role as connector, facilitator, and home to local, domestic, and global business for the past 40 years. A study by the University of North Texas explores why the airport is such an integral part of the region's economy, providing an annual impact of \$31.6 billion, as well as hundreds of thousands of jobs. DFW's strategic location, significant cargo capabilities, and international reach, as well as its unique zoning and commercial land development opportunities, are all factors behind this regional economic engine.

DFW also creates jobs and economic activity through capital improvement projects such as our Terminal Renewal and Improvement Program," said Sean Donohue, CEO of DFW Airport. "This study captures some pretty big numbers and demonstrates how dynamic our airport is in providing valuable growth and opportunities for the citizens of our region."

A KEY DRIVER OF ECONOMIC SUCCESS

The biggest difference between the 2013 study and previous studies is the inclusion of regional business activity supported by air cargo operations at DFW Airport. Air cargo is a key economic driver for both the airport and the region, with economic activity at \$16.7 billion every year, the study found. The impact of air cargo is significant due to the region's sizeable concentration of high-tech and aerospace manufacturing, which are also considered to be of high value.

Besides business activities that support air cargo, researchers considered a number of other factors to determine the DFW's direct, indirect, and induced economic impacts that characterize the regional economic landscape. This analysis captured the economic activity generated by recurring activities, such as the operations of air carriers, concessionaires, and tenants located on

airport property, along with visitor spending by passengers. Researchers ascertained direct and indirect employment and wages, as well as revenue generated for local taxing jurisdictions and the value of other activities, such as capital improvement projects.

Of critical importance to the region is the study finding that revealed DFW played a key role in creating and maintaining jobs during a relatively slow economy. The study states that DFW Airport and its associated business activities provided more than 143,000 permanent jobs, which paid in excess of \$9.4 billion in annual salaries and benefits. Additionally, capital improvements at DFW produced another \$5.8 billion in economic impact to the region from fiscal years 2005 to 2013 and supported 42,400 person-years of employment.

It is important to note that capital improvement projects persisted during a time when the national economy had weakened. These capital projects, such as the \$2.3 billion Terminal Renewal and Improvement Program (TRIP), new DART Station construction,

"There's no question DFW is a major contributor to the Dallas/Fort Worth economy, not only because the airport hosts more than 1,900 flights a day, but because DFW also creates jobs and economic activity through capital improvement projects such as our Terminal Renewal and Improvement Program," said Sean Donohue, CEO of DFW Airport. "This study captures some pretty big numbers and demonstrates how dynamic our airport is in providing valuable growth and opportunities for the citizens of our region."



Over the last three years, DFW has experienced tremendous growth in air service with more than 200 destinations worldwide, including the addition of Qantas Airways' nonstop flight to Australia. In September 2014, the airline will begin flying the Airbus A380, the largest passenger jet in the world, on route to Sydney six days a week.



The award-winning Grand Hyatt DFW in International Terminal D received the AAA Four Diamond Award in 2014 and the 2013 Certificate of Excellence from TripAdvisor, among other accolades.

Terminal A Parking phase 1, and numerous other projects, helped the North Texas economy weather the downturn more effectively than the region might have otherwise.

"It's clear that Dallas/Fort Worth International Airport is a key driver of economic success for North Texas," said Dr. Terry Clower, director of the Center for Economic Development and Research at the University of North Texas. "In an increasingly global economy, this critical component of the region's transportation infrastructure supports business activity through easy access to markets around the world and enhances the quality of life for North Texas residents."

LOCATION, ACCESSIBILITY, AND SPEED

Tenants at DFW cross a multitude of business sectors, such as aviation and aerospace, transportation and logistics, warehousing, manufacturing, durable medical equipment, and more; and they appreciate the easy access to multiple transportation methods from their airport locations. In fact, the study indicates that DFW Airport's business tenants (not including concessionaires located in the terminals) generate almost \$1.6 billion in regional economic activity each year, while supporting more than 6,400 jobs. Many of these tenants need access to the services available at DFW Airport, such as air cargo. If not for this easy-access to air cargo, many would simply need to locate elsewhere, according to the UNT study.

One of the major benefits for businesses at DFW is the airport's location – a top reason businesses consider DFW. The geography of the airport is such that it sits at a national transportation crossroads with nearby rail lines and highway systems, which create outstanding opportunities for the development of intermodal, aviation-oriented businesses in what is becoming known as an aerotropolis – where the commercial development of a region occurs with the airport as the central focus for business.

The geography of the airport is such that it sits at a national transportation crossroads with nearby rail lines and highway systems, which create outstanding opportunities for the development of intermodal, aviation-oriented businesses in what is becoming known as an aerotropolis – where the commercial development of a region occurs with the airport as the central focus for business.



Dallas Area Rapid Transit (DART) Rail arrives August 18, 2014, at Terminal A, ushering in a new era at DFW Airport and connecting passengers and employees to downtown Dallas.

ALL ABOARD: DFW WELCOMES LIGHT RAIL WHILE CELEBRATING MILESTONE ANNIVERSARY

Dallas/Fort Worth International Airport (DFW) celebrates its 40th year throughout 2014 and looks to a future that broadens its reach and expands its connections around the world. Recent air service growth at DFW, allowed the airport to become one of only seven in the world to serve more than 200 destinations. DFW also entered a new era in 2014 with the addition of light rail as an option for passengers and employees.

In partnership with Dallas Area Rapid Transit (DART), DFW constructed a new light rail station at Terminal A. The DART Orange Line will arrive at DFW August 18 and provide service to downtown Dallas where riders have access to the entire DART system.

The partnership between DART and DFW brought about an expansion of DART's mass transit system that represents the start of one of the airport's most significant developments for the future. For international travelers, who are already accustomed to using public transportation systems as links from airports to city centers, DART Rail brings a

familiar mode of transit to DFW. For many of the 60,000 employees who work at DFW Airport, DART Rail provides an alternate option for daily commutes. And, for others, who previously were unable to access jobs at DFW, the new rail line opens a new avenue to potential employment.

DFW is also working in partnership with the Fort Worth Transportation Authority (The T) on a major terminal on its TexRail Cotton Belt Line, a commuter rail line that will connect the airport to downtown Fort Worth. Construction is planned for the Cotton Belt Line station at Terminal B adjacent to the DART station, and thus will provide an important connection between the main business centers of Dallas and Fort Worth.

"World class airports across the globe are connected to their city centers through mass transit systems," said John Terrell, vice president of Commercial Development for DFW Airport. "DFW's partnerships with DART and The T change the dynamic of the airport for businesses in Dallas and Fort Worth as well as within the boundary of DFW."

Other factors in considering a location near an airport are accessibility and speed. DFW's growth in air service avails access to desirable new markets, domestically and worldwide. In fact, since 2011 DFW has added a record 17 new international destinations and become one of only seven airports in the world with more than 200 global destinations. With most major North American markets just a four-hour flight away, direct routes to 56 important international cities and access to 14 major cargo hubs worldwide, DFW is positioned for further growth, which points to even more opportunities for global business. The Dallas/Fort Worth area is already one of the nation's most prosperous and vital economies with a significant representation of Fortune 500 companies.

"To be successful in business today, companies have to be able to connect to the world. With increasing accessibility to important markets – not only across the country, but throughout the world – businesses respond," said Donohue. "The connectivity that our airline partners have brought to DFW has had an influence on a sizeable number of major international companies choosing the Dallas/Fort Worth region."

With quick access to the international and domestic routes that are important to business, connectivity has become a critical factor for DFW Airport as the major economic driver for North Texas. Businesses recognize the importance of international connectivity, which is why many have chosen to be near DFW Airport.



DFW International Airport has come a long way over the last 40 years, but the commitment to help North Texas and its communities remains unchanged. DFW generates more than \$31 billion in annual economic impact to the region.

CHANGING THE PATTERN OF DEVELOPMENT

"We frequently hear from companies in the course of our work in economic development at the Fort Worth Chamber of Commerce that say DFW Airport is one of the key motivations for selecting a site for business operations within the Dallas/Fort Worth region," said David Berzina, executive vice president - economic development, Fort Worth Chamber of Commerce. "Over the last 40 years, DFW's success, not only for air service, but commercial development as well, has been and continues to be a stimulus for economic growth across the region."

Another factor that pairs well with market access from DFW is the outstanding business climate within the Dallas/Fort Worth region and in the state of Texas. As airlines grow more air service at DFW, commercial

With quick access to the international and domestic routes that are important to business, connectivity has become a critical factor for DFW Airport as the major economic driver for North Texas. Businesses recognize the importance of international connectivity, which is why many have chosen to be near DFW Airport.



Founders Plaza at DFW International Airport.



DALLAS/FORT WORTH
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Southgate Plaza, DFW's first mixed-use development, is anchored by a Hyatt Place hotel, which provides a third-tier in hotel accommodations available at the airport.

activity continues to grow as well, with companies expanding or locating within the region to take advantage of the outstanding connectivity – a demonstration of how DFW Airport drives an already strong regional economy.

Along with connectivity, companies that manufacture high-value products, such as electronics aircraft parts, and medical supplies, also seek methods to ensure their products rapidly move to their markets. With the number of cargo and passenger airlines serving DFW, the dynamics are at work to make that happen. Complementing DFW's airline services are a host of businesses nearby that also serve the airport and its customers.

Though both Dallas and Fort Worth each had its own respective regional airport, to create an airport that could facilitate the region's future growth, these neighboring cities shaped a vision around a large plot of land situated 17 miles from each city's center – a site that has become a preeminent global hub that is today's DFW International Airport.

When DFW opened in 1974, midway between its owner cities of Dallas and Fort Worth, the airport was surrounded by farmland with potential for becoming the central business district of the region. Though both Dallas and Fort Worth each had its own respective regional airport, to create an airport that could facilitate the region's future growth, these neighboring cities shaped a vision around a large plot of land situated 17 miles from each city's center – a site that has become a preeminent global hub that is today's DFW International Airport. The airport's 17,000+ acres – an area the size of Manhattan – held latent value as a location with promise for commercial development. Over the last 40 years, the foresight of these two great cities led to the position of DFW Airport as a major facilitator of regional growth for international business.

"It wasn't that long ago when airports were built near cities with roads connecting one to the other. What we are seeing today is that air travel and expanding global business networks have changed the pattern of development," said John Terrell, vice president commercial development for DFW. "Cities are now effectively orbiting their airports. And airports, such as DFW, have become economic engines within a region."

TENANT PARTNERS

With 6,000 acres of developable land and a Foreign Trade Zone (which provides numerous tax benefits) that covers 2,500 acres, DFW is the center of a complex distribution, shipping, and logistics network, as well as



Aviall, A Boeing Company, the world's largest provider of new aviation parts and related after-market services, cited its on-airport location in International Commerce Park, as a significant factor to its operational success.

a destination for a number of business sectors. DFW can count a number of these sectors among its tenant partners who understand that access to the airport is a key piece of their success and there are plans for more:

- **Aviall, A Boeing Company**, distributor of aircraft parts, located its largest distribution center at DFW's International Commerce Park and later moved its headquarters to the same location as well. While on airport property, Aviall is located within the city limits of Irving and is a major tax-payer to that community.
- **Fresenius Medical Care**, a major provider of kidney dialysis services and renal care products, is currently building a 500,000-square-foot manufacturing facility at DFW's **Coppell Industrial District**, which is situated in the city of Coppell.
- Coming soon to the Coppell Industrial District is a **logistics center** that will include two adjacent buildings totaling more than 2 million square feet. The plan calls for the facilities to be a center for distribution, warehouse, office, assembly, and operations. DFW expects ground to break on this development in early- to mid-2014.
- DFW will soon welcome **high-end automotive** dealerships to the airport – the first within this industry to locate at DFW. These businesses, including the new Grubbs Infiniti dealership, will be within the city limits of Grapevine and will be the first businesses on-airport from the automotive sales industry. This business will be located in the **Founder's Plaza Center** development.

• New opportunities are on the horizon for mixed use in DFW's **Southgate Plaza** in the city of Euless. The development is the future home of the DFW's Consolidated Headquarters, **Hyatt Place Hotel**, and the **United States Post Office**. DFW is engaged in direct marketing efforts to develop various retail/restaurant pad sites at this new landmark at DFW's south entrance.

Plans for other developments on airport land are also being considered or are underway at DFW, including:

- **Passport Park**, a 600-acre area at the southern gateway to DFW Airport, which has the development capability of accommodating multiple big box retail anchors, junior anchors, and supporting specialty shops.
- At the northern access point to DFW Airport is **Founder's Plaza Center**, a 60-acre development site, which is ideal for future restaurant, hospitality, cultural, and educational uses. The site is conveniently positioned minutes away from airport terminals, local attractions, and entertainment venues. The **Founder's Plaza Center** site is situated on one of the most traveled highways in North Texas with approximately 200,000 vehicles per day, promoting the location as an advantageous commercial development opportunity.
- A 45-acre, master-planned development that features hospitality, convenience retail, quick-serve restaurants, and the potential for flex-office space at **Interstate 635 and Royal Lane**.

With 6,000 acres of developable land and a Foreign Trade Zone (which provides numerous tax benefits) that covers 2,500 acres, DFW is the center of a complex distribution, shipping, and logistics network, as well as a destination for a number of business sectors.

- Quick freeway access from Grapevine Main Street and/or Texan Trail Drive make the **Northwest Logistics** development district, at the north end of the airport, an attractive possibility. The 200-acre district also has excellent visibility and accessibility from the SH121/114 frontage road. The balance of the site is envisioned as predominately industrial/warehouse.
- Another industrial district, **Walnut Hill Industrial**, has approximately 250 gross acres for development, with quick access to SH161, SH183, and SH121/114, three major highways serving the DFW Airport area.
- At the southwest end of DFW is a 1,800-acre area that will be developed into the **Bear Creek Office Park**. The plan for this site is to unite sustainable design with local, natural aesthetics by embracing the streams of Bear Creek and complementing the characteristics found in nearby Trigg Lake.

DFW has unique opportunities for business that other locations cannot offer. With an airport location, businesses benefit from the close proximity of customs, air cargo service is just a short distance away for next day deliveries, and the advantage of speed-to-market is readily available. In addition to moving products, executives and clients who travel from across the globe find the on-airport location exceptionally convenient.

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“DFW Airport is the gateway to regional, national and international destinations and continues to be one of the most active airports in the world. It’s no accident that in an economy, which is becoming more and more global, companies seek locations near airports. Connectivity, nationally and internationally, are increasingly important,” said Donohue. “As DFW Airport continues to build worldwide connections and implement planned developments on the airport, the year-over-year economic impact on the Dallas/Fort Worth region will continue to increase and be an even more significant force in the local economy.” 



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IEDC sponsors an annual conference and a series of technical conferences each year to bring economic development professionals together to network with their peers and learn about the latest tools and trends from public and private experts.

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For more information about these upcoming conferences, web seminars, and professional development training courses, please visit our website at www.iedconline.org.

CONFERENCES

2014 Annual Conference

October 19-22
Fort Worth, TX

2015 Leadership Summit

January 25-27
Palm Beach, FL

2015 Federal Forum

March 22-24
Arlington, VA

2015 Spring Conference

June 7-9
Madison, WI

2015 Annual Conference

October 4-7
Anchorage, AK

2014 TRAINING COURSES

Neighborhood Development Strategies

June 19-20
Madison, WI

Economic Development Strategic Planning

July 17-18
Atlanta, GA

Economic Development Credit Analysis

August 6-8
Denver, CO

Economic Development Marketing and Attraction

August 14-15
Atlanta, GA

Business Retention and Expansion

August 21-22
Indianapolis, IN

Economic Development Strategic Planning

September 18-19
Baltimore, MD

Introduction to Economic Development

October 1-3
Toronto, ON

Real Estate Development and Reuse

October 9-10
Atlanta, GA

Economic Development Credit Analysis

October 15-17
Fort Worth, TX

Entrepreneurial and Small Business Development Strategies

October 30-31
Edmonton, AB

Real Estate Development and Reuse

November 6-7
Lansing, MI

Business Retention and Expansion

November 13-14
Chapel Hill, NC

Technology-Led Economic Development

December 4-5
Phoenix, AZ

2014 CERTIFIED ECONOMIC DEVELOPER EXAMS

October 18-19

Fort Worth, TX
(Appl. Deadline: August 18)

December 6-7

Phoenix, AZ
(Appl. Deadline: October 6)

2014 WEB SEMINARS

July 23

Making It Count: Metrics for High Performing EDOs

August 7

(Free) Preparing for the CECD Exam Workshop

December 16

(Free) Preparing for the CECD Exam Workshop

Disaster Preparedness & Economic Recovery: Free Webinar Series

June: Using the National Emergency Grant (NEG) for Economic Recovery

July: Addressing Blight in Disaster-Impacted Neighborhoods

August: Fundraising Strategies for Economic Transformation

September: Navigating Federal Resources for Long-Term Recovery in Rural Communities

October: Creating Successful Partnerships with the Private Sector

November: How to Write a Winning Grant Application

December: Open for Business: Crisis Communication

NEWS FROM IEDC

IEDC LAUNCHES PAPER ON NONFINANCIAL INCENTIVES

At the Spring Conference in June, IEDC launched a paper on nonfinancial incentives, "More than Money: Incentives that Benefit Companies and Communities." Sponsored by the Economic Development Research Partners

Program (EDRP), it examines several kinds of support and additional services that economic development organizations (EDOs) provide, in addition to financial incentives, for business attraction. These range from research and data, real estate assistance to help with workforce development issues and talent attraction, networking, and infrastructure improvements.

The paper examines how prevalent these practices are and their effectiveness in helping communities attract businesses. Members can download the paper from the IEDC website; non members can purchase it through the IEDC bookstore.

NEW SESSION FORMATS TO BE FEATURED AT IEDC ANNUAL CONFERENCE

As part of an ongoing effort to pursue innovative conference formats, IEDC plans to deliver a range of exciting new programming at the 2014 Annual Conference in Fort Worth. Attendees will have the opportunity to attend several new session formats, including five "Town Hall"-style sessions, five Economic Development Seminars (offering specific tips and technical information), an Authors' Panel featuring four leading economic development authors, and multiple Interactive Workshops combining panel content with small group activities.

These sessions will be offered in conjunction with IEDC's typical panel discussions, featuring a mix of economic developers, industry experts, and business thought leaders.

2014 SALARY SURVEY COMING IN LATE FALL/EARLY WINTER

The 2014 IEDC Salary Survey of Economic Development Professionals will be launching this summer, with the goal of releasing the completed report in late fall or early winter—perhaps as early as the Annual Conference in Fort Worth. As in years past, IEDC will be partnering with our state, regional, and provincial association counterparts



in the U.S. and Canada in order to reach thousands of economic development professionals.

The IEDC Salary Survey is the only report of its kind in our profession, covering full salary, demographic, and professional activities. Be sure to watch for more information and emails about the survey.

IEDC RELEASES NEW DISASTER RECOVERY PUBLICATION – "LEADERSHIP IN TIMES OF CRISIS"

Disasters can strike at any time. Who's watching out for businesses in your community in the event of one? You can learn what critical actions to pursue in IEDC's "Leadership in Times of Crisis: A Toolkit for Economic Recovery & Resiliency." It explains how economic development organizations (EDOs) or chambers of commerce can take a lead role in economic recovery before and after a major disaster.

IEDC recently released this user-friendly guide to provide practitioners with tools, resources, how-tos, checklists, and real world case examples that highlight best practices to be better prepared or to spur recovery. Download it today at <http://restoreyoureconomy.org/disaster-recovery-toolkit/>. For more information on disaster preparedness and economic recovery, follow Restore Your Economy on twitter at @restoreyourecon.

AEDO PROGRAM ACCREDITS TWO NEW MEMBERS

IEDC announces the accreditation of two new AEDOs: the St. Charles County Economic Development Council (EDC) and the Village of Tinley Park Economic Development Department. Located in St. Charles, Missouri, the EDC has been led by President and CEO Greg Prestemon, CEcD, since 1993. The organization becomes the second AEDO in Missouri. Tinley Park Economic Development, led by Ivan Baker, CEcD, since 2003, is the first AEDO in Illinois. These organizations represent the high quality and dedication to excellence that the Accredited Economic Development Organization (AEDO) program demands.



Earning accreditation is a great way for economic development entities to increase their visibility in the community and gain independent feedback on their organizational operations. For more details, contact Tye Libby (tlibby@iedconline.org).

a fort worth renaissance

By J.D. Granger

touted as a “game changer” by Mayor Betsy Price, the Trinity River Vision is capitalizing on Fort Worth’s recent population boom and churning out a project to tackle the next phase of growth. Instead of looking to suburban sprawl, this cutting-edge project is occurring in Fort Worth’s urban core and nearly doubling the size of the central city district.

For decades, Fort Worth has struggled to embrace one of its best natural assets. The Trinity River, which spider webs throughout the entire city, has long been undervalued and ignored. Often an afterthought, the river was put behind giant levees in the 1950s and it was out-of-sight, out-of-mind after that.

All that changed when a small group of local visionaries assembled and decided to put the river back into focus. They decided to dream big and asked what the river could be – from the recreational center of Fort Worth to a vital tool for economic development and everything in between.

From that group came an innovative plan that will transform Fort Worth – the Trinity River Master Plan. At the core of the Trinity River Vision Master Plan is a flood risk management solution and the revitalization

All that changed when a small group of local visionaries assembled and decided to put the river back into focus. They decided to dream big and asked what the river could be – from the recreational center of Fort Worth to a vital tool for economic development and everything in between.



This award winning campus, designed by Vancouver-based architecture firm Bing Thom Architects, is home to health care professions for Tarrant County College. This beautiful campus combines education and public spaces while also providing a connection between downtown Fort Worth, the Trinity River, and Panther Island.

of a long neglected industrial neighborhood in Fort Worth’s central city into a vibrant, pedestrian oriented urban waterfront community adjacent to downtown.

In addition, the plan will expand Gateway Park into one of the largest urban-programmed parks in the nation and enhance the Trinity River corridor with over 90 user-requested projects along the 70+ miles of the Trinity Trails, which spider web throughout Fort Worth and parallel the Trinity River.

J.D. Granger is the executive director of the Trinity River Vision Authority. (jd.granger@trinityrivervision.org).

TRINITY RIVER: AN UNSTABLE HISTORY

Fort Worth has a long and turbulent history with the Trinity River. It starts with Major Ripley Arnold founding Fort Worth on the banks of the Trinity River in 1849. What started as a scenic and strategic asset to the city has also proven to be a deadly force as evident in the floods of 1922 and 1949.

HOW THE TRINITY RIVER VISION PROJECT IS SHAPING THE FUTURE OF FORT WORTH

The Trinity River Vision Authority (TRVA) is the organization responsible for the implementation of the Trinity River Vision (TRV) - a master plan for the Trinity River in Fort Worth, Texas. It is underway now - connecting every neighborhood in the city to the Trinity River corridor with new recreational amenities, improved infrastructure, environmental enhancements, and event programming. The TRV will create Panther Island, a vibrant urban waterfront neighborhood, expand Gateway Park into one of the largest urban-programmed parks in the nation and enhance the river corridor with over 90 user-requested projects along the Trinity Trails.



Public improvements including a bypass channel, flood gates, dams, walkways, and new bridges address flood protection, environmental clean-up, mobility, and recreation. An estimated 10,000 mixed-income housing units, 3 million square feet of commercial space, and over 12 miles of waterfront development are possible after updated public improvements are in place.

During the flood of 1922 the Trinity River flooded over 3,000 acres, killing 37 people and destroying many more businesses and homes. The existing levees, which were constructed after the 1908 flood, did not prevent damage, so they were increased in height following this event.

Then in 1949 North Central Texas was inundated with torrents of rain in the upper Trinity River basin. In spite of the levees constructed after the 1922 flood, whole sections of neighborhoods surrounding downtown were beneath ten feet of water. Thousands were left homeless, ten people died, and property damages reached \$15 million. After the flood of 1949, the United States Army Corps of Engineers (USACE) set up their district office in Fort Worth and began building a flood risk management system on the Trinity River that includes the present levee system.

The federally funded improvements were completed in 1957, including the construction and strengthening of the levees. The plan also straightened the Clear Fork and West Fork channels of the river, which removed the natural meander of the river in favor of a channel system. Thousands of trees along the banks were bulldozed and the levees became barriers that kept people away from the river.

As a result of the levee project, the Trinity River was left a dry, littered ditch for most of the 50s, 60s, and early 70s. In 1971, a group of local citizens formalized as Streams and Valleys, an organization charged with the beautification and recreational development of the Trinity River and its tributaries.

Streams and Valleys commissioned Halprin and Associates to study the Trinity River in Fort Worth, which resulted in the "Halprin Plan." This plan recommended low-level dams to regulate water level, extensive multi-user trail systems, lighting, planting thousands of trees, and vastly improving public areas.

In 2002, the Trinity River Master Plan was designed to provide flood risk management, recreation, scenic beauty, and accessibility to the public. It also is a prevention plan – unlike preceding plans which were drawn up in response to disasters, this plan is designed to avert foreseeable damage and destruction and provide continuing safety. This plan was approved by Fort Worth City Council in 2003, and three years later the Trinity River Vision Authority was formed to manage and coordinate the project based on local partnerships with the city of Fort Worth, Tarrant County, Streams and Valleys, and the Tarrant Regional Water District, working closely with the USACE and the Texas Department of Transportation.

CAPITALIZING ON PUBLIC/PRIVATE PARTNERSHIP

The most well-known of all Trinity River Vision projects is the innovative plan to create an urban waterfront community to the north of downtown Fort Worth. USACE knows this plan simply as "Central City," but most of the public calls it "Panther Island."



In 1949, North Central Texas was inundated with torrents of rain in the upper Trinity River basin. In spite of the levees in place, whole sections of neighborhoods surrounding downtown were beneath 10 feet of water. Thousands were left homeless, 10 people died, and property damage reached \$15 million.

While having two names can seem confusing, it's really quite fitting for a plan with two major components. The publicly funded portion of the plan, the Central City project, is limited to environmental cleanup, flood risk management, and infrastructure improvements, such as three new bridges, a 1.5-mile bypass channel, isolation gates, dams, a 12-mile vibrant urban river walk, and 33-acre town lake.

Once flood concerns, outdated infrastructure, and environmental issues are addressed, Panther Island will be accessible for private redevelopment of over 800 acres of underutilized land in Fort Worth's central city and connect to downtown Fort Worth, the Cultural District, and the historic Stockyards.

URBAN REVITALIZATION: RESTORING, REVIVING, AND REINVENTING

The current flood risk management infrastructure was built to support the expected population of Fort Worth in the 1960s. However, over the last ten years Fort Worth has experienced a massive population boom of over 250,000 people (that's 38 percent!) and the infrastructure in place is no longer adequate.

This increase in population has provided great opportunities for our city but it also comes with challenges. With this type of growth, Fort Worth needs to increase its flood risk management system, and thanks to a strategic partnership with the USACE we are able to forgo the levee system of the past and implement an innovative bypass channel that will keep our city safe for generations to come.

In addition to flood risk management, the bypass channel will also serve as a beautiful, urban programmed park. As Fort Worth's population has expand-



The world renowned firm Hargreaves Associates along with Randall Stout Architects is providing urban planning, landscape design and architecture for the future 100-acre, 1.5-mile long urban waterfront with numerous social and recreational amenities.

ed, green spaces have not been able to keep up and we are grossly underserved in our park needs. USACE is designing the bypass channel, but world renowned architect Randall Stout and the internationally recognized landscape architecture firm Hargreaves Associates are partnering with local sponsors to help turn the bypass channel into a stunning recreational amenity to support families in an urban environment.

PANTHER ISLAND: A NEW PLACE TO LIVE, WORK, AND PLAY

Panther Island is an aggressive economic development initiative with public and private improvements that will create the opportunity for housing, employment, education, and recreation in the heart of Fort Worth.

In its early stages, the Trinity River Vision Authority (TRVA) looked to other waterfront projects across North America and judged their success based on how the community embraced them. Instead of reinventing the wheel, TRVA learned from these projects in cities like Vancouver, Oklahoma City, and San Antonio and implemented the most successful approaches into the Trinity River Vision Master Plan.

On Panther Island, land use is regulated through mixed-use zoning promoting a live, work, play environment. A form based code requires private development to conform to design principles that enable a pedestrian oriented, dense neighborhood to function. Minimum height requirements ensure high density, compact urban development in Fort Worth's central city where resources and services are already in place. An envisioned 10,000 mixed-income housing units and three million square feet of commercial, retail, and educational space are planned within the 800 acres. Development Standards allow incentives for the construction of LEED certified buildings and require the use of quality materials in new construction.

Revitalizing and redeveloping the central city and encouraging brownfield redevelopment enhances the environment, reduces blight, brings people and jobs together, and helps to reduce urban sprawl and preserve

PANTHER ISLAND QUICK FACTS

The redevelopment of Panther Island will completely transform Fort Worth. Below are a few highlights of what this project will bring to Fort Worth:

- 10,000 new mixed-income homes
- 16,000 permanent jobs
- 600 construction jobs per year to complete the project
- Boost Tarrant County economy by \$1.6 billion per year
- Generate over \$950 million in business activity per year
- 3 million square feet of commercial, retail, and educational space
- 12 miles of waterfront just north of downtown
- Expand the central business district by 800 acres

green space in outlying areas. Shared public parking built through public/private partnerships will utilize less space and reduce the need for surface parking.

Native tree plantings along both sides of the new 1.5-mile bypass channel will bring quality of life to an area that had previously been an underutilized industrial area. An innovative storm water management system will manage runoff through a series of canals replacing conventional underground conveyance systems. The canals will provide a continuous public boardwalk, enabling activities along the water's edge.

The future circulation network maximizes connectivity for vehicles, pedestrians, public transportation, and bicycles, promoting efficient circulation and a wide range of mobility options. New roads and bridges will accommodate a future mass transit system that will connect Panther Island to downtown, establishing efficient access. Future local streets will be purposely

narrowed to a small footprint to ensure pedestrian activity and comfort. A circular road around the perimeter will connect development nodes. The new infrastructure combined with the development standards will create an attractive neighborhood with a strong sense of place.

Through enhanced flood risk management, smart growth planning, and critical transportation improvements, Fort Worth is fostering a walkable, high-density, mixed-use neighborhood in its central city, a viable sustainable alternative to suburban sprawl.

FUNDING THE FUTURE

Half of the funding for the Panther Island infrastructure is anticipated to come from the federal government, 15 percent from the Tarrant Regional Water District, 6 percent from the city of Fort Worth, and 3 percent from Tarrant County. A full 27 percent will come from the tax increment financing district (TIF) the city of Fort Worth established for the project in 2003.

Multi-agency funding for this type of project is extremely rare. Generally there is one or two – such as a federal partner – but the TRV project has a minimum of three federal pockets to get money from and a minimum of three local, nonfederal agencies sponsoring it as well, plus a TIF.

WHO'S IN CHARGE?

TRVA is the organization charged with implementing and managing the Trinity River Vision Master Plan. The TRVA is a quasi-government agency that has the same added responsibility as a development authority.

A unique aspect of the TRVA is its management structure. Even though the TRV project has local, state, and federal agencies participating, a vertical manage-



Panther Island is a forward-thinking solution to Fort Worth's booming population growth and need for additional flood protection. The plan provides the opportunity for high-density, sustainable development along the river – creating a vibrant waterfront community.

PROJECT PARTNERS

Tarrant Regional Water District -

TRWD is a political subdivision of the state of Texas charged with providing flood risk management within Tarrant County and water supply. TRWD incubated the project and has provided significant funding and leadership.

Trinity River Vision Authority -

The TRVA is the governing body for the River Vision Project and acts as the liaison for the participating project partners.

United States Army Corps of Engineers -

The Corps develops the nation's water resources, manages and enhances environmental ecosystems, builds and sustains specific civil infrastructure and is fulfilling these responsibilities in the

Panther Island project. Panther Island is being used by the Corps as the "next generation" example of urban flood risk management solutions.

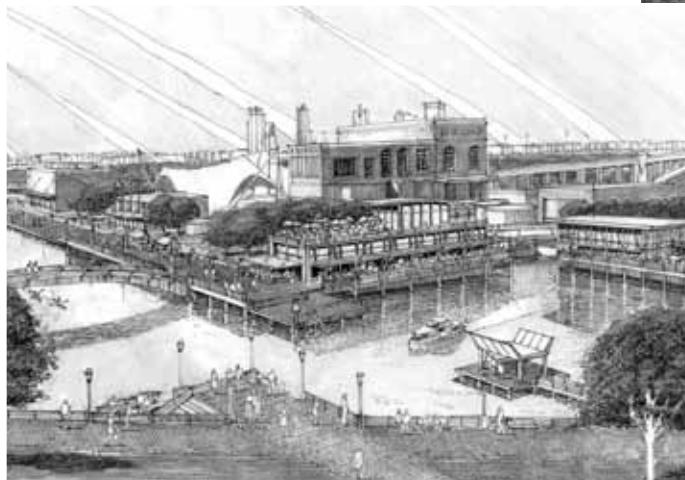
Streams and Valleys - Streams and Valleys, Inc., is a non-profit advocate for the Trinity River. Streams and Valleys was instrumental in the Trinity River Vision master planning effort, ensuring that people from all neighborhoods and various user groups were involved in the process. They are likewise instrumental in planning for Panther Island to assure that parks, greenways, and river paths are accessible to all of Fort Worth.

City of Fort Worth - In addition to the creation of the urban design guidelines that will ensure the form of the Panther Island development, the city of Fort Worth is addressing environmental and other regulatory issues. It has established a sizable Tax Increment Finance District designed to fund 27 percent of the project infrastructure cost. The city has also created an economic development fund to assist in the retention of businesses relocated to make way for public improvements.

Tarrant County - Tarrant County has pledged 3 percent of the total project cost and plays a facilitating role in infrastructure development.

A unique aspect of the TRVA is its management structure. Even though the TRV project has local, state, and federal agencies participating, a vertical management approach was established to guarantee a singular master schedule and budget

to which all participating agencies must follow. This vertical approach has kept the project on budget and on schedule despite the inherent complications associated with numerous governmental participants.



A 33-acre town lake with surrounding boardwalk will provide a civic focal point on the water's edge.

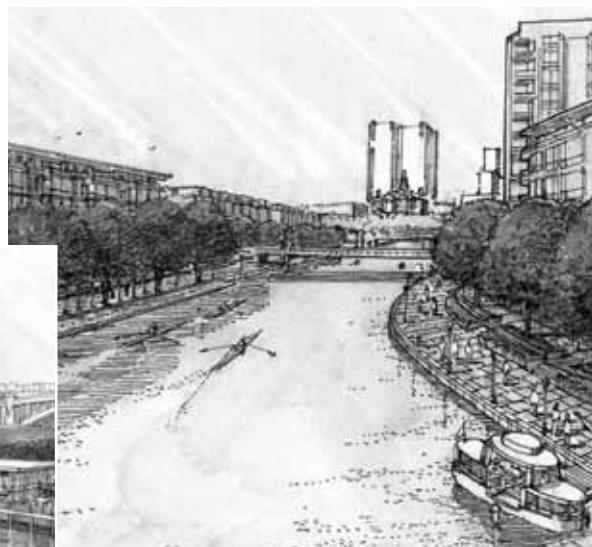
ment approach was established to guarantee a singular master schedule and budget to which all participating agencies must follow. This vertical approach has kept the project on budget and on schedule despite the inherent complications associated with numerous governmental participants.

A key component of the vertical management structure is the TRVA Board of Directors, which is comprised of top officials and administrators from each local partner. The TRVA Board of Directors accomplishes business through a democratic process. The monthly board meetings also help with project transparency as financials are discussed and approved at each meeting.

PANTHER ISLAND: A GROWING INTEREST

Even before the infrastructure is in place, there is energy and excitement growing in Panther Island. TRVA has already begun programming the public spaces to foster a sense of place and community connection to the area in the interim.

TRVA coordinates events such as the "Rockin' the River," an annual summer tubing and music series that brought 13,000 people down to the banks of the Trinity River last summer. Not only did it help bring name recognition to the new district, but it also helped combat negative connotations associated with the water quality



Creative design and boat turnarounds allow for ferry boat traffic between the Stockyards, Downtown, and the Cultural District.

of the Trinity River. Rockin' the River has won awards from the Texas Recreation and Parks Society for Promotional and Marketing Excellence as well as Excellence in Programming a Special Event.

TRVA also programs an annual 4th of July celebration that takes place in Panther Island with free music, family activities, and the largest fireworks show in North Texas. In 2013, over 70,000 people attended the event along the Trinity River. Up from several thousand attendees just three years earlier, Fort Worth's Fourth is a great example of the community's shift in perception of the Trinity River and their willingness to embrace it for the wonderful asset it is.

Programmed and managed by TRVA, these events have sparked an increased interest from third parties who now want to hold festivals, concerts, 5K races, and more on the banks of the Trinity River. What was a vacant public space only several years ago is now home to privately produced events such as Fort Worth Music Festival, Untapped Fest, Dia de los Toadies, Solar Fest, and more. All of these events strengthen community connection to the river and the Panther Island neighborhood.

PANTHER ISLAND: THE EARLY ADOPTERS

While major infrastructure construction is just beginning with three new bridges, there is already a heightened interest in Panther Island, and several new additions have already been inspired because of the Trinity River Master Plan.

TIMELINE

1922 The Trinity River flooded over 3,000 acres, killing 37 people and destroying many more businesses and homes. The existing levees, which were constructed after the 1908 flood, did not prevent damage, so they were increased in height following this event.

1949 North Central Texas was inundated with torrents of rain in the upper Trinity River basin. In spite of the levees in place after the 1922 flood, whole sections of neighborhoods surrounding downtown were beneath 10 feet of water. Thousands were left homeless, 10 people died, and property damages reached \$15 million.

1949 United States Army Corps of Engineers opened a Fort Worth office and began building a flood protection system on the Trinity River that included the present levee system.

1957 Federally funded improvements were completed, including the construction and strengthening of the levees. The plan also straightened the Clear Fork and West Fork channels of the river, which removed the natural meander of the river in favor of a channel system. Thousands of trees along the banks were bulldozed, and levees became barriers that kept people away from the river.

1969 As a result of the levee project, the Trinity River was left a dry, littered ditch for most of the 50s, 60s, and early 70s, but one that served as a level of flood defense designed to protect the 1960s population.

1971 A group of local citizens formalized as Streams and Valleys, an organization charged with the beautification and recreational development of the Trinity River and its tributaries. Their earliest efforts included constructing low water dams to return water to the dry beds.

1971 Streams and Valleys commissioned Halprin and Associates to study the Trinity River in Fort Worth. The resulting "Halprin Plan" recommended low-level dams to regulate water level, extensive multi-user trail systems, lighting, planting thousands of trees, and vastly improving public areas.

1988 EDAW, a noted urban planning firm from Alexandria, Virginia, was commissioned to develop a new plan that focused on expanding public access to the river.

2002 The Trinity River Master Plan was designed to provide flood protection, recreation, scenic beauty, and accessibility to the public. It also is a prevention plan – unlike preceding plans which were drawn up in response to disasters, this plan is designed to avert foreseeable damage and destruction and provide continuing safety.

2006 The TRVA was formed to manage and coordinate the project based on local partnerships with the city of Fort Worth, Tarrant County, Streams and Valleys, and the Tarrant Regional Water District, working closely with the United States Army Corps of Engineers and the Texas Department of Transportation.

2014 The first year for substantial above-ground development. First, bridge construction will break ground late summer for the three new bridges necessary for the project. Additionally, two private developments exceeding a total of \$60 million will begin in 2014. They are expected to bring several hundred housing units to the district and will be the first residential developments to exist on Panther Island.



Rockin' the River has quickly become a Fort Worth summer staple. The free Thursday night tubing and live music series not only brings people next to the river but thousands are jumping in and floating up to front row seats, enjoying the only waterfront stage in Texas.

Panther Island Pavilion

As previously mentioned, TRVA and others program events along the river and these events are hosted at Panther Island Pavilion. Panther Island Pavilion is a scenic outdoor venue located directly north of downtown Fort Worth on the Trinity River. It boasts the only waterfront stage in Texas as well as a main stage for year-round events, two additional band shells, and an indoor venue for multi-act festivals. There is also a sand beach that provides public access to the river for boating, tubing, fishing, and swimming. A kayak and stand up paddleboard concessionaire is also located on-site for watersport rentals.

Coyote Drive-In

Opened in the spring of 2013, Coyote Drive-In is Fort Worth's first and only modern, urban drive-in movie theatre. A beloved favorite of times past, the drive-in offers its visitors a new twist on an old tradition. Equipped with three screens, Coyote Drive-In plays first-run movies in digital format.

In addition to the car drive-in, the area can accommodate theater-goers without cars as well, thanks to a pavilion complete with fans, misters, and an upgraded concession stand called the Coyote Canteen. Each screen has room for 250 to 500 cars. One screen faces north, meaning patrons can watch the movie with the Fort Worth skyline in the background.

Tarrant County College

Tarrant County College (TCC) has not one but two riverfront campuses in the Panther Island district. In 2009, RadioShack had extra space in their headquarters, and TCC jumped at the chance to have a presence in central Fort Worth. This public-private partnership lead TCC to purchase the 900,000-square-foot campus for \$238 million. TCC then invested another \$80 million in renovations, which created a beautiful, state-of-the-art educational facility.

The Trinity River East Campus was designed by the world renowned Bing Thom Architects (BTA), and it was the first new building within the Panther Island district to fully embrace the Trinity River. The 150,000-square-foot, \$139 million East Campus was completed in 2011 and has won numerous awards and accolades for its stunning architecture. One of BTA's primary goals was to link downtown to its forgotten waterfront and Panther Island.

Combined, the two campuses can service over 10,000 students a year.

Trinity Bluff Development

Just east of Panther Island on top of the bluff sits a new development that has blossomed in recent years. The Trinity Bluff Development has close to 1,000 condos and apartments built or under construction, along with a hotel, all within the 30-acre district. The public's response to Trinity Bluff's scenic location overlooking the river and Panther Island has been overwhelming and development shows no signs of slowing.

Pier One/Chesapeake Gas

Less than a mile southwest of Panther Island, located next to the Trinity River sits the beautiful Chesapeake Gas/Pier One Corporate Riverfront Campus. This \$104 million, 440,000-square-foot, 20-story building holds a combined total of 400 jobs with an annual payroll of over \$20 million. Site selection managers for this building cite the future Panther Island development and the close proximity to the river as driving factors in their location decision.

LaGrave Field

Located in the heart of Panther Island sits LaGrave Field – a minor league baseball stadium that is home to the Fort Worth Cats. LaGrave Field is a historic icon in Fort Worth and brings thousands of visitors annually to games, concerts, and events. It will remain a staple in Panther Island as the district continues to evolve.

Panther Island Brewing

The latest addition to Panther Island is Panther Island Brewing. Opened in the spring of 2014, this craft brewery recognized the future of Panther Island and became an early-adopter in the development process. Located just off the Trinity Trails, Panther Island Brewing encourages visitors coming for tours and tastings to take the scenic route and bike or walk to the brewery.

And finally, we are eager to announce the first projects going vertical in Panther Island! Two private developments exceeding a total of \$60 million will begin in 2014. They are expected to bring several hundred housing units to the district and will be the first residential developments to exist on Panther Island.

GATEWAY PARK: PRESERVING NATURE, IMPROVING RECREATION

The revitalization of Gateway Park is another exciting component of the central city portion of the Trinity River Vision. Located just five miles outside of downtown Fort Worth, Gateway Park is an underutilized resource that was added to the project in 2008 to help with downstream flood risk management. Its inclusion in the scope means that federal funds can be allocated for the park's revival.

In its current state, Gateway Park is comprised of gravel pits, an old landfill, an old sewage treatment plant, outdated soccer fields, and Fort Woof (Fort Worth's favorite dog park). Thanks to the TRV, the park will receive a major restoration of its ecosystem, add numerous and diverse recreational amenities, and provide the necessary flood storage to ensure the viability of the central city flood risk management project.

At just over 1,000 acres, Gateway Park will become the largest urban-programmed park in the area. Park-goers can expect the new and improved Gateway to be completely equipped with first class recreational amenities, making the park a regional destination for outdoor activities.



At just over 1,000 acres, Gateway Park will become one of the largest urban-programmed parks in the nation. Park-goers can expect the new and improved Gateway to be completely equipped with first class recreational amenities, making the park a regional destination for outdoor activities.

New additions will include soccer fields, baseball and softball fields, disc golf, mountain bike courses, covered basketball courts, 15 miles of new trails, a splash park, a dog park expansion, an outdoor amphitheater, rowing center, an in-ground skate park, and new entry towers. These additions are a direct result of community input gathered during a series of public meetings held throughout the master planning process.

The improvements to Gateway Park are likely to spur positive economic development around the park. The project also meets the needs of the community by connecting the east and southeast neighborhoods of Fort Worth to the Trinity River.

CONNECTING THE CITY: THE TRV EXPERIENCE

The third component to the Trinity River Vision Master Plan is The TRV Experience. It is a 10-year capital improvement plan to embrace the opportunity to make the Trinity River and Trinity Trails the strong backbone for the evolving neighborhoods in Fort Worth. The plan includes over 90 projects throughout the 88 miles of Trinity River and tributaries in Fort Worth. The plan addresses the public's desires for enhancements such as improved neighborhood and park linkages, better signage, more recreational amenities, new sections of trails, and changes in trail design.



The Trinity Trails are currently comprised of over 70 miles of hike and bike trails, 23 Trailheads, and six kayak and canoe launches.

Having a river that runs through each quadrant of the city provides a unique opportunity for Fort Worth. Not only can the river serve a recreational function for exercisers and nature lovers, it can be an important linkage among the many neighborhoods throughout Fort Worth. Whether a person lives to the north, south, east, west or downtown, the Trinity River provides a common denominator for citizens from all across the city.

A HOME FOR FUTURE GENERATIONS

Dig deep with any player involved in the project and you will find a core value that resonates through each of them: the desire to create a brighter future for their city and establish a community where their children and grandchildren can grow, learn, live, and play.

When the dust has settled and this massive undertaking is complete, Fort Worth will be left with a legacy that will stand the test of time for generations to come. The city can hold its head high and proudly acknowledge that it took a risk for the sake of its future. ☺

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electricity

AS AN INDISPENSABLE ECONOMIC DRIVER

By Terry Preuninger, P.E.

Texas is creating jobs at a rapid clip; corporations are relocating headquarters here, and population expansion is outpacing the rest of the nation. When it comes to economic development, Texas knows how to get things done. Its pro-business atmosphere is as much a source of pride as smoked brisket, the Dallas Cowboys, and a pair of well-worn Lucchese boots.

Electricity is a major factor in the state's overall economic development success. When site selectors study locations around the country for a corporate headquarters or manufacturing facility, the cost of electricity is a primary consideration. Second to personnel, it is the greatest operating expense for many major companies.

Given its climate, population, and strength of industrial activity, Texas leads the country in the consumption of electricity. With that, competitive pricing is a fundamental underpinning of the state's economic success and viability.

In 2002, a Texas law that created a competitive electricity market went into effect. This law gave customers the ability to choose their retail electric providers. Greater competition means lower consumer prices and greater customer choice. The law required investor-owned utilities to unbundle their generation, transmission, distribution and retail functions. For example, Oncor, the largest Texas electric utility, used to be part of a one-stop shop, from generation to retail. Now, it solely focuses on the transportation of electricity through its transmission and distribution network.

In Texas, both electricity-generating operations and investments in plants are driven by prices. Wholesale and retail prices are set by competitive market rates — and, in turn, drive market rates. The role of the wholesale market is to allow trading among generators, retailers and other financial intermediaries for short- and long-term electric delivery.



Oncor employees at the Transmission Grid Management Center where its vast transmission grid is monitored, assuring reliable service to 10 million over 91 counties and 401 cities in Texas.

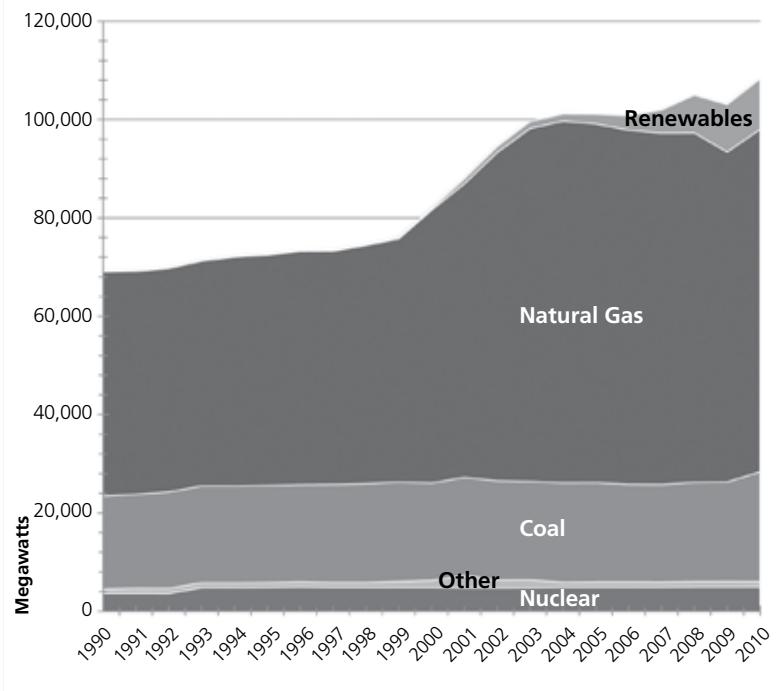
The wholesale market is open to any independent entity meeting regulatory qualifications that wants to try to invest in power generation, connect to the grid and find another party willing to purchase its output. The market in Texas is governed by the Electric Reliability Council of Texas (ERCOT) and the Public Utility Commission of Texas (PUC). The Electric Reliability Council of Texas manages the flow of electric power to 23 million Texas customers, or 85 percent of the state's electric load and 75 percent of its land area. The Public Utility Commission of Texas was established by the Texas Legislature in 1975 and given regulatory oversight of electric and telecommunications utilities in the state. The mission of the PUC is to protect customers, foster competition, and promote high-quality infrastructure.

Terry Preuninger spent four years as the director of Economic Development at Oncor. He is currently the senior director of Transmission Services. (Terry.Preuninger@oncor.com)

COMPETITIVE PRICING AND AN INNOVATIVE SYSTEM ATTRACT BUSINESS TO TEXAS

Reliable and cost-effective electricity is a vital component of a robust economy. In Texas, a business-friendly state with a booming energy sector and growing population, the electricity industry is the oil between the gears — it keeps economic development expanding at an impressive rate. To help spur economic development, electric utilities and regulatory bodies have adopted a nimble and innovative approach to keeping the lights on — and keeping the bills reasonable — for every Texas resident and business.

Table 1. Texas Electric Generation by Primary Energy Source



Source: U.S. Energy Information Administration, Form EIA-860, "Annual Electric Generator Report."

For example, if leaders of a large corporation move their business to Texas and want to reduce electricity costs, they can gain the necessary approvals and become an electricity retailer. They can sell electricity to themselves and to market and can profit by reselling pre-purchased electricity at peak times.

In a competitive electricity market, generators offer electricity to retailers who re-price it for market. In this system, a transparent cause and effect exist. As demand and accessibility change, prices fluctuate. With that, investors in generation and grid management can pinpoint locations of grid congestion and focus infrastructure development where market demand is highest.

While the rest of the country is primarily divided into two grids, the Western Interconnection and the Eastern Interconnection, Texas has a grid of its own – the ERCOT Interconnection. Texas never faces dilemmas like: Who pays for a transmission line that takes energy from Colorado and delivers it to Illinois, even though it passes through Kansas and Missouri?

Since the electricity market in Texas is primarily intrastate, there is generally less federal regulation. An independent grid allows Texas to more easily plan the flow of its power. The process of creating new infrastructure is streamlined. The PUC is the primary regulatory entity.

More than 1,200 active entities generate, transmit, buy, sell or use wholesale electricity. Since 1999, there have been 9,300 miles of transmission lines built and

\$7.9 billion invested in new transmission and upgrades, with up to \$8.9 billion in transmission under consideration or development through 2017.

According to ERCOT data, natural gas made up 40.5 percent of the energy used in Texas in 2013. Coal was close behind, at 37.2 percent, followed by nuclear and wind, at 11.6 and 9.9 percent, respectively. The overall price of electricity is impacted by the cost of resources and the efficiency of the generators used.

With more natural gas available than the market demands, it's a relatively inexpensive resource. This contributes greatly to the low cost of electricity.

It is this system of affordable power that contributes to the state's booming economic success. From 1990 to 2010, the predominant sources of new generation facilities in Texas were natural gas and wind, as shown in Table 1. Here, where the electricity market is as independent and business-friendly as the rest of the state, the balance comes out in favor of the consumer.

SUCCESSES

Electricity is almost always on the short list of cost considerations when companies scout locations for offices, manufacturing plants, and e-commerce hubs. With Texas' competitive market, businesses gravitate here for its low prices, reliability, and accessibility.

Texas has become a hub for data centers, and the Dallas-Fort Worth area is a major industry hot spot. These facilities, used to house computer systems for electronic storage and communication, are typically located in high-security, specially built structures and include redundant safeguards to ensure constant power, cooling, data storage, and security. Worldwide, data centers use about 30 billion watts of electricity, according to estimates sourced by *The New York Times*. Data centers in the U.S. make up one-quarter to one-third of that total, with Texas being one of a handful of geographical hubs. These facilities require a massive amount of power from the state's grid – and they come here because they know they can get it affordably and reliably.

Electricity is almost always on the short list of cost considerations when companies scout locations for offices, manufacturing plants, and e-commerce hubs. With Texas' competitive market, businesses gravitate here for its low prices, reliability, and accessibility.

Data centers are an economic boon for cities and states because they represent huge capital investments, often worth billions of dollars. That is what makes them welcome additions to communities. Though they provide few jobs once built, they offer hundreds of temporary construction jobs while in development. Data centers also draw other businesses that provide materials, support services, and talent. The state offers tax incentives to data center companies, giving them further reason to come to Texas.

Martin Peck, the Lincoln Property Company senior vice president who manages Lincoln Rackhouse, the data center-focused division of the real estate company, noted that site selection for these facilities is different from that of traditional commercial real estate.

While most businesses want “location, location, location … at the corner of Main and Main,” Peck said, “a data center needs to be at the intersection of power and fiber [cable that transmits data at the speed of light].”

Power, Peck said, is one of the “driving factors” that determine the location of a data center. A major appeal of Texas is that it has its own power grid. Large web-dependent businesses tend to locate one data center in each grid, so that even a catastrophic outage would not affect their service, Peck said.



Lincoln Rackhouse data center in Plano, Texas. The 310,000-square-foot data center was leased to a financial services firm and Lincoln Rackhouse is currently doubling the data center size.

Lincoln Rackhouse owns a 310,000-square-foot data center in Plano, Texas. Last year, they leased a large portion of their capacity to a financial services firm. The firm was considering both the Dallas and Chicago areas but selected Dallas, in part, because of the independent Texas grid, Peck said.

Lincoln Rackhouse also offers consulting and site-selection services to data center companies and companies looking for server space. Peck tells clients what he has found to be true: With an abundant natural gas supply that keeps electricity prices low, power prices in Texas are very competitive.

“We have more than a 200-year supply of natural gas. Given that, we don’t anticipate big [price] spikes like you have to deal with elsewhere,” he said. And with an independent grid, Texas has “robust and abundant”



New advanced digital meters being readied for installation on Oncor’s system. Oncor completed the change out of its fleet of more than 3 million analog meters to this next-generation meter before the end of 2012.

reliability. And it matters – while an office building uses 6 to 9 watts of electricity per square foot, a data center uses 150.

“These are real marvels of technology, these facilities,” Peck said. “Your largest operating expense is power.”

In selecting sites, Peck looks for areas that are in close proximity to two separate electrical substations to ensure adequate power. With data centers, it’s all about safeguards and redundancy.

Owners of a data center work closely with electrical engineers and the local utility, Peck said. In the case of his facility in Plano, he worked closely with Oncor, the regional transmission and distribution utility. In a region known as one of the biggest data center hubs, Oncor is highly experienced in this arena. Oncor assigns project managers to seamlessly usher the job to completion.

“Not all utilities are as pro-growth as Oncor is,” Peck said. “They know exactly what we’re looking for.”

While data centers are fantastic economic boosts for the state, they aren’t the only businesses that are drawn to Texas at least in part by the electricity system. Village Farms has established three locations for its greenhouses in Texas – in Marfa and Fort Davis in the 1990s and in Monahans in 2012. More than half of their facilities are based here.

Success doesn’t come without challenges. ERCOT, as an independent grid operator and a drawing factor in Texas’ economic development, must keep up with growing demand. So, too, must affiliated market-drivers, including generators and transmission and distribution utilities.



Oncor celebrated the installation of its 1 millionth advanced digital meter on June 1, 2012

First and foremost, they came to Marfa and Fort Davis for the climate, which is great for growing tomatoes. Electricity became a stronger concern when the company decided to expand to Monahans, where they've implemented fans for ventilation and plan to install lights. In winter at the newest facility, electricity could account for 25 percent of operating costs, which is significantly higher than the first two locations, where they have 100 acres of "conventional greenhouse designs."

In terms of expansion considerations, Jonathan Bos, who works in development at Village Farms, said climate and personnel came first, followed by the availability of utilities. Village Farms chose Monahans because there was better access to electricity, gas and carbon dioxide distribution networks. It was also closer to highways and potential employee bases.

The 30-acre greenhouse in Monahans requires a great deal of power, and Village Farms wanted to ensure that utilities were available for future expansion. They worked with Oncor to arrange transformer upgrades to meet their needs.

The Monahans project was planned in four phases, with phase one currently up and running. Expansion will be determined by the market, economy, company success, and availability of labor. But electricity is at the ready.

AREAS OF CONTINUED FOCUS

Success doesn't come without challenges. ERCOT, as an independent grid operator and a driving factor in Texas' economic development, must keep up with growing demand. So, too, must affiliated market-drivers, including generators and transmission and distribution utilities.

Texas has become the nation's capital of incredible growth. The U.S. Census Bureau estimates that the state's population reached over 26 million in 2012, an

increase of 3.6 percent from 2010. That's double the rate of the U.S., with no slowdown in sight. The state has earned a reputation as a business-friendly leader, creating jobs and drawing employees from across the nation. Here, where the size of the economic pie is growing, utilities must keep pace.

Meanwhile, as generators respond to the market demands, Oncor and others must maintain and expand infrastructure to keep pace with development and population density. Oncor invests more than \$1 billion each year in infrastructure to provide and improve service and reliability.

The company has been a leader in implementing advanced grid technologies. For example, Oncor was the first utility in the country to integrate its advanced metering system (or AMS) with its outage management system in order to detect outages without notification from the customer. This system has been successful in alerting Oncor to 20 percent of clear-weather outages as soon as they occur. With this system, the company can determine the problem and make repairs before a customer even returns home from work. It is initiatives like this that keep the Texas electrical system competitive and keep business flowing.

These advanced meters replaced 50-year-old technology with cutting-edge digital meters. With this technology, customers can see how much electricity they're using at any time and can easily manage their energy use to conserve and save money. Improvements like this empower the customer and also help to ensure reliability by automatically communicating electricity usage and outages to Oncor. This proactive improvement and forward thinking in the Texas electric industry help the state economy maintain its edge.

Competitive pricing, reliable infrastructure, and ample power drive business to Texas and enhance its venerable economy. The ongoing conversation about how to grow and develop effectively is quintessentially Texan, as it revolves around maintaining the state's competitive edge while delivering results that are both cost-effective and reliable. Texas encouraged infrastructure expansion and renewable generation with cutting-edge legislation.

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THE GREAT BEYOND

With growing demand, innovative sources of power are key to consistent future service. This is one of the reasons why, in 2005, the Texas Legislature enacted legislation to develop a comprehensive transmission infrastructure plan to connect renewable energy facilities to consumers.

The new legislation directed the PUC to identify Competitive Renewable Energy Zones (CREZ), which are geographic areas where wind facilities would likely be built based on prevailing winds. The PUC designated these areas and mapped the transmission upgrades necessary to deliver energy from the new sources to customers, according to the PUC. The project was meant to loosen grid congestion, and in the process, it provided the pathways necessary to ensure that energy created by wind producers in West Texas would make it to high-demand markets in the major population centers.

The CREZ project was constructed by seven transmission and distribution utilities, with Oncor having the largest share. The project, which was completed in 2013, enables connection to the grid for over 18,000 megawatts of wind (or other) electricity sources. The project also supports the increased energy needs of the West Texas oil and gas industry.

So, the state – and ratepayers – took on the cost of building transmission lines with the idea that wind companies would follow. Thus far, the project has been a success, with Texas continuing to lead the nation in wind power capacity, as indicated in the 2012 graphic created by the National Renewable Energy Laboratory.

In addition to the promise of more wind power, the CREZ project created many jobs for the construction of the transmission lines and the building and operation of wind facilities. Oncor sourced as much building material as possible from Texas, including recycled steel. The project was a huge boost for both the electricity industry and the entire state.

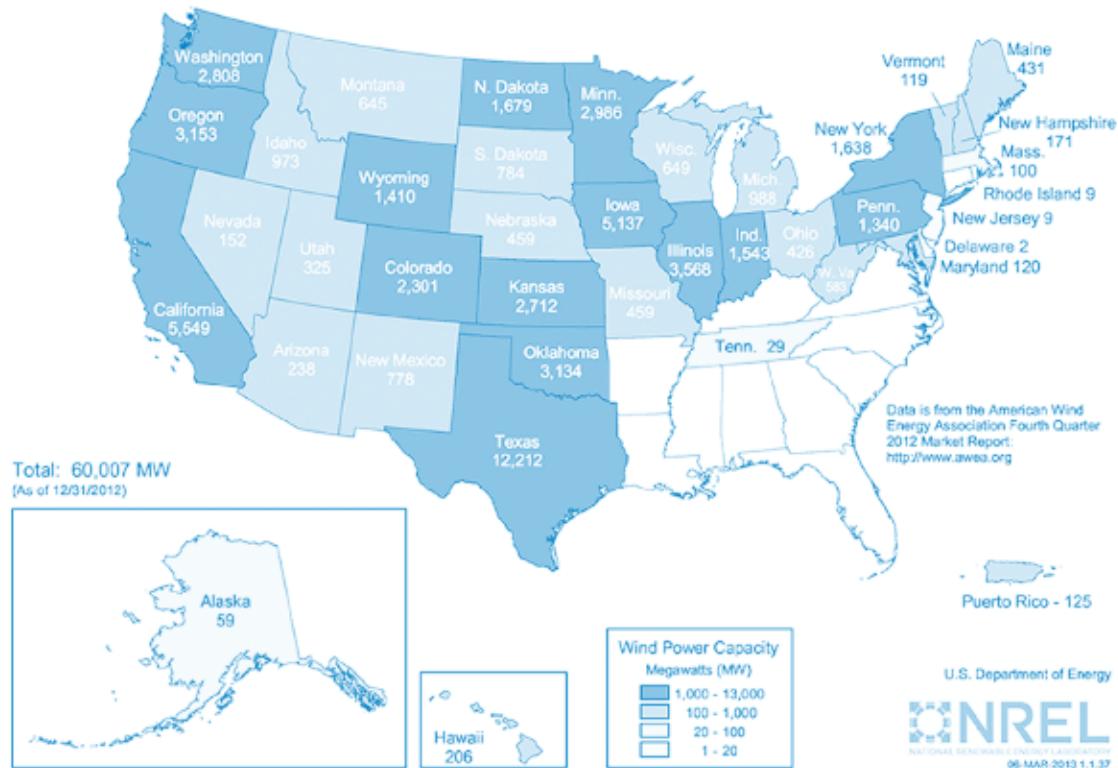
Texas is home to six of the 10 largest wind projects in the U.S., including Roscoe Wind Farm and Horse Hollow Wind Farm, according to the governor's office. The state ranks sixth in the world for wind energy production.

The challenge with wind power is obvious – it's available only when the wind is blowing. And power generation must constantly meet consumption, as there's no mainstream way of storing electricity. With that, unless the turbines are spinning at peak times of power usage, they're of limited value. Of course, there is at least one solution: batteries.

In Texas, battery storage is becoming a cutting-edge method of evening out peaks in demand. It's viewed as a way to maintain reliability in years to come. Duke Energy, for example, created the Notrees Battery Storage Project in Ector and Winkler counties. The project's 36-megawatt battery helps to store and manage output from the company's Notrees Wind Power Project.

To build the storage facility, Duke Energy matched a \$22 million Department of Energy grant. A Texas-based company designed and implemented the battery, which has been operating since 2012. By evening out the variables in production and demand, this project

2012 Year End Wind Power Capacity (MW)





Electricity generated in a West Texas wind farm is delivered to cities and other parts of the state through Oncor's transmission system built as a part of the Texas CREZ project.

makes renewable energy a more practical option and enhances its economic viability. It leads the way for others as an example of forward thinking and innovation in the Texas electricity system.

Another form of energy storage, compressed air energy storage (CAES), will soon be established in East Texas by Apex, a Houston-based energy company. Construction on the 49-acre Bethel Energy Center is planned to begin in 2014 in Anderson County, according to the Apex website. The facility is expected to begin operation in early 2017.

To store energy using CAES, Apex will use compressors with electric motors to inject air into an underground storage cavern during off-peak hours. Then, when demand increases, the pressurized air will be released and heated so it turns turbines and generates electricity for the grid. This type of energy storage can be accomplished in salt dome caverns, as is the case in Anderson County, or in underground aquifers, depleted underground resource reservoirs or rock mines.

The Bethel Energy Center project, the second facility of its kind in the U.S., will create 20 to 25 high-paying jobs and 200 temporary (about three years) construction jobs. Apex bills it as one of the country's "cleanest dispatchable power plants" (energy sources that can be placed in service in a short amount of time). It will encourage development of wind and solar power by storing energy created during low-demand periods and deploying it at peak times. It's an innovative middle step to improving reliability and delivering electricity to the consumer when the consumer demands it.

Texas prides itself on its business-friendly "get the job done" attitude. Industries are encouraged to progress and grow without excessive government impediments. This same approach has allowed Texas utilities to innovate and prosper.

There's no silver bullet for continuously meeting the energy needs of the state while maintaining a competitive edge in pricing and service. It takes diverse sources to maintain a competitive system. But with booming business and astronomical growth as markers of success, Texas is leading the way. ☺

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dallas-fort worth

By Dan Healy

the end of 2008 was a dire time. Trillions of dollars vanished in a matter of months. The U.S. housing bubble burst and the securities tied to it crumbled. The total collapse of many of the world's largest financial institutions wasn't out of the question, national government bailouts were the main topic of conversation, and global stock markets plummeted. Apocalyptic financial forecasts seemed like they would inevitably come to fruition.

But as solvency issues and declines in credit availability plagued markets, municipalities such as Dallas and Fort Worth, turned towards innovative ways to finance local economic initiatives with a keen focus on job creation. An industry was born and the use of EB-5 capital became commonplace.

EB-5 INVESTMENT VISA

Interestingly enough, Congress created the EB-5 Immigrant Investor Program for foreign nationals under the Immigration Act of 1990. This Act allows foreign nationals to obtain a green card by investing significant capital into the United States while creating permanent, high-quality jobs for American workers. In order to obtain a visa, foreign nationals must invest \$1,000,000 or \$500,000 into a Targeted Employment Area (TEA), which is defined as a high unemployment or rural area. Each investment must produce or preserve at least 10 jobs for Americans.

Once their petition is approved, foreign investors and their dependents are granted conditional permanent residence for two years. Approximately 90 days before their conditional permanent visa expires, investors must submit documentation proving that their investment has created and sustained 10 jobs, or will within a reasonable time period, in order to receive a green card.



In 2011, EB-5 capital, private financing, and historic tax and new tax market credits helped transform a 100-year-old building into the NYLO Dallas South Side Hotel, the first full-service hotel in south Dallas in over 50 years.

Throughout the 1990s and up to the financial crisis, the program was grossly underutilized, with only a few dozen 3rd party-managed investment vehicles (public, private or public-private), known as regional centers, in operation. Today, the federal government has approved more than 500 regional centers and the United States Citizen and Immigration Services (USCIS) received more than 6,500 petitions in 2013,

Today, the federal government has approved more than 500 regional centers and the United States Citizen and Immigration Services (USCIS) received more than 6,500 petitions in 2013, compared to fewer than 800 applications in the year before the financial crisis.

Dan Healy is the chief executive officer of Civitas Capital Group, a leading independent specialty asset management and financial services firm with operating divisions focused on Alternative Investments, EB-5 Funds, and Wealth Management.

He serves as a director and is the chairman of the Best Practices Committee of the Association to Invest In the USA (IIUSA), the trade association representing the EB-5 regional center industry.

More information can be found at civitascapital.com and iiusa.org.

RESPONDING TO THE FINANCIAL CRISIS AND THE ARRIVAL OF THE EB-5 IMMIGRANT INVESTOR PROGRAM

On the back of the 2008 financial crisis, municipalities such as Dallas-Fort Worth responded opportunistically by entering into public-private partnerships with EB-5 fund managers. This unique model aligns the interests of cities, developers, EB-5 fund managers, and global investors alike. While a few managers have negatively exploited the program, others are working diligently alongside regulatory bodies to institutionalize it. The industry has experienced tremendous growth since 2008 and still has plenty of room to develop, but the EB-5 Immigrant Investor Program is here for the long run.

compared to fewer than 800 applications in the year before the financial crisis. Regional centers pool capital raised from foreign nationals under the EB-5 Immigrant Investor Program and deploy it into job-creating economic development projects.

PUBLIC-PRIVATE PARTNERSHIPS

After the fall of Bear Stearns and Lehman Brothers, bailouts were unveiled across the globe and portfolios began to stabilize. The market was still uncertain but starting to take a serious look at EB-5 capital as a viable source of financing. At the time, only a handful of regional centers had completed a transaction and the overall quality of these transactions was low. Recognizing this, we saw an opportunity to get involved in the program in a systematic way. By 2009, Civitas Capital Group was formed with the goal of bringing capital to underfunded communities in the U.S. via high-quality investment opportunities that are tailored to meet the unique needs of global investors.

Meanwhile, Dallas-Fort Worth was looking for creative ways to promote foreign direct investment into their cities. After applying and being approved for a regional center in Dallas and subsequently in Fort Worth, we proposed to operate them – as we hold a strong view that cities shouldn't expose themselves to this type of underwriting risk. What transpired was one of the first public-private partnerships (PPP) in the EB-5 arena, where the cities and private partners come together to create a best-in-class ecosystem. Our role is to seek out high quality, job-creating opportunities for global investors and the cities, while providing institutional quality underwriting and services.

In the simplest form, a PPP is a contract between a private party and a public sector authority. Given our conviction that EB-5 capital can play a significant role in the economic development of municipalities in Texas and throughout the United States, we formalized our PPP with both Dallas and Fort Worth. The goal is to

Return on investment varies depending on the type of investment. For example, a senior loan with lots of collateral, guarantees, etc. can be in the single digits where an equity investment with high-quality development partners might be in the double digits. Regardless, EB-5 capital is usually priced at a discount to the market, because immigration benefits are priced into the return.

leverage EB-5 capital to achieve key economic development priorities of the cities. Often, EB-5 fund managers are private enterprises. While this model can work, these managers can become hamstrung by their own self-interests. For example, they tend to be affiliated with a real estate group and constrained by their priorities. Our PPP with Dallas and Fort Worth allows us to operate under a private equity model, where we can evaluate a range of projects and select the best ones that fit the long-term economic objectives of the cities and are tailored for the risk-return profile of the global investors we serve.

INVESTMENTS

Return on investment varies depending on the type of investment. For example, a senior loan with lots of collateral, guarantees, etc. can be in the single digits where an equity investment with high-quality development partners might be in the double digits. Regardless, EB-5 capital is usually priced at a discount to the market, because immigration benefits are priced into the return.

This platform has enabled us to successfully structure dozens of projects, deploying hundreds of millions in capital and creating thousands of jobs in the state of Texas. Moreover, the PPP allows us to attract international financial support to fund a variety of real estate investments, including multifamily and mixed-use residential developments, office developments, and senior housing facilities, as well as investments in other industries such as corporate finance for local businesses to expand.

Looking at some of our projects in more detail, I want to highlight four investments in the Dallas-Fort Worth area:

A few years ago, we raised around \$5.5 million for the NYLO Dallas South Side Hotel. Working closely with one of the region's most reputable developers, Matthews Southwest, the investment helped transform a 100-year-old building into the first boutique, full-service hotel in south Dallas in over 50 years. The five-story, 76-room hotel is an ideal complement to a burgeoning area of Dallas filled with entertainment venues and



StoneGate Senior Living used \$10 million of EB-5 capital to fund two affordable assisted living facilities in south Dallas. The facilities provide an affordable assisted living option to local residents, which was previously not available in the area.

a growing amount of residential housing. When we first evaluated the project, the numbers didn't make sense. However, the combination of competitively priced EB-5 capital, private financing, and historic tax and new tax market credits, gave us a compelling investment thesis. The hotel officially opened in September of 2013 and is off to a strong start. This investment really speaks to the power of what public and private sources of funding can do together.

In another investment, we identified the need for high-quality, mixed-use space in the West Village neighborhood of Dallas and worked closely with developer Forest City Enterprises to raise \$64 million in EB-5 funding. The building, which will feature 387 luxury apartments and hold over 37,000 square feet of retail space, is slated to be completed this year. The retail development side of this project is notable, as a number of jobs will be created through its construction and operation – which will ultimately bring great benefits to the local economy.

In late 2012, we made a \$5.0 million joint venture equity EB-5 investment into the Alexan Trinity, a three-story, 166-unit, Class A garden-style, multifamily apartment complex in the Oak Cliff neighborhood of south Dallas. The investment was made with Trammell Crow Residential, one of the most respected residential and mixed-use developers in the country. The project received \$4 million in tax increment financing from the city of Dallas and recently won the *Dallas Business Journal's* Best Real Estate Deals of the Year award in the Most Creative Financing category. Best of all, it has played a positive role in revitalizing the area.

Lastly, we raised \$10 million in EB-5 capital to fund StoneGate Senior Living's development of two affordable assisted living facilities in southern Dallas. This facility employs over 30 skilled nurses and is home to hundreds of lower-income residents who did not have other options. While the margins on this type of project tend to be thin, it fits a risk-return profile for some global investors. Best of all, it gave birth to an affordable assisted living facility in a community where the services are in high demand and alternatives are very limited.



\$64 million of EB-5 investment in the form of a senior loan was deployed to finance the construction of Forest City. The complex will be home to 387 luxury apartments and have over 37,000 square feet of retail space when it is completed in 2014.

CHALLENGES

EB-5 capital remains a niche funding vehicle in the world of finance and capital markets; however, it's not as exotic as it once was. This is due to its widespread use in commercial real estate projects and unfortunately, because a few managers have negatively exploited the program. Media and regulators have taken notice and this increased scrutiny is welcomed: it's critical for the institutionalization of the program.

I'm often asked how the regulatory bodies can improve, and to be honest, they are doing a good job. In the early years, the issue was getting a better feel for the push-pull relationship or how to review applicants and deal with the private financing side of the business. Over the years, the USCIS has made great strides in issuing guidance to EB-5 constituents and providing clarity on how to utilize the program. They are also expanding and hiring the talent needed to support this effort. During the spring of last year, the agency moved its headquarters from California to Washington, D.C. and opened an Immigrant Investor Program Office with 60 full-time employees and 20 economists. Finally, the USCIS is working hard to strengthen its inter-agency relationships with the SEC, FBI, and other U.S. intelligence agencies. This is important, as it will help protect both investors and the national security of the United States. These are all steps in the right direction.



The Alexan Trinity has been recognized by leading media outlets and won awards for its creative financing structure. The project leveraged EB-5 investment and \$4 million in tax increment financing to create a 166-unit, multifamily apartment complex in the Oak Cliff neighborhood of south Dallas.

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In the public arena, there is a preconceived notion that this program is tailored only for the ultra-wealthy and that they are buying American citizenship. However, a number of the foreign investors we work with have saved a significant amount of their net worth or even pooled family money together in order to obtain a visa. It's often everything they have – their life savings. It's important to note that they are subject to significant burdens of proof at multiple stages during the process. Many of them are highly educated and are using the program to help facilitate American businesses they are already involved in. It's a real win for the American economy, which benefits from investment and job creation. Sophisticated economic models have been developed over the years that show exactly how this foreign direct investment positively impacts our local and national economies.

YEARS TO COME

We work closely with institutional partners throughout Texas and across the U.S., including investment banks and asset managers, to explore how we can align the interests of all the stakeholders we touch. The pipeline of investments is robust. The Association to Invest In the USA (IIUSA), the leading industry trade association for the EB-5 regional center program, estimated that last year, more than \$2 billion of EB-5 capital was deployed in the U.S. This comes at zero cost to the American taxpayer and as noted previously, the return on each foreign investor's investment is subsidized by the added benefit of a potential green card. This is of particular importance considering that market interest rates have only one direction to move in the U.S., which will increase the cost of capital in the future.

Having no effect on American taxpayers plays a major part in why the EB-5 program enjoys broad bipartisan support. Democrats, Republicans, mayors, and judges all like the profile of the program and are looking for creative ways to use it and see that it continues to grow. This is very encouraging.

It's unfortunate that it took the financial crisis in order for the EB-5 industry to develop to where it is today. Cities like Dallas and Fort Worth were smart and opportunistic – a trend that more cities in America will hopefully follow. The PPP model is a fantastic way to align interests between cities, developers, EB-5 fund managers, and global investors. To be sure, the USCIS and regulatory bodies have their hands full – there is much work to be done, but EB-5 capital is here to stay. ☺



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Thanks to everyone who has made this journey a soaring success.

